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Japan

Reactions to Kantor Announcement Reported

Murayama Comments on Mutual Ties

OW1105060195 Tokyo KYODO in English 0550 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Prime Minister Tomiichi Murayama said Thursday [11 May] that Japan and the United States should take care not to aggravate the bilateral relationship over trade disputes.

Murayama was speaking after U.S. Trade Representative Mickey Kantor said Washington will file a complaint against Japan with the World Trade Organization over auto and auto parts trade and will issue a list of Japanese products marked out for retaliatory action under Section 301 of a U.S. Trade law.

Murayama told reporters Japan will seek a solution to the bilateral dispute based on international trade rules.

The prime minister said bilateral ties between the two nations should not be aggravated, and that he does not believe the U.S. wants to go too far concerning the trade dispute.

Tokyo To Ask 'Prudence' of U.S.

OW1105020495 Tokyo KYODO in English 0150 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Japan will urge Washington not to unveil a list of retaliatory trade measures to penalize Japan for its alleged policy of curbing foreign carmakers' access to the Japanese market despite the virtual ultimatum announced by U.S. Trade Representative Mickey Kantor, a senior trade official said Thursday [11 May].

"We will urge the United States to exert prudence and refrain from taking tough action against Japan, such as a planned unveiling of their list of candidate products to be targeted by the trade sanctions measures," said an official at the Ministry of International Trade and Industry, speaking on condition of anonymity.

Government sources said Japan will not drop its initial policy of filing a complaint with the World Trade Organization (WTO) if Washington presses ahead with the announced plan to unveil the retaliatory list.

Chief Cabinet Secretary Kozo Igarashi earlier said, "Basically, there are no changes to our initial policy" on how to respond to a possible unveiling of the list.

Concerning the U.S. stated policy of filing a complaint with the WTO against the alleged Japanese policy of limiting foreign access, the MITI official said Japan would "welcome" such action.

He said Japan is willing to start the negotiating process on the issue under the framework of the new world free trade watchdog body that replaced the General Agreement on Tariffs and Trade in January.

"Although Japan is pressing ahead with deregulation, we would have only to improve access if the United States complains to the WTO that our market is still discriminatory," he said.

"We would rather welcome" such filing of a U.S. complaint with the WTO, he said.

The official said, however, Japan has no plans to provide such concessions as leading Japanese automakers to increase their planned amounts of the procurement programs of foreign auto parts further.

Even if the United States alleged to the WTO that Japan's "keiretsu" system of corporate groupings of interlocking companies represents a trade barrier, the WTO is unlikely to recognize such a claim, he said.

"I believe the U.S. Government itself earlier handed down the judgment that the keiretsu system is not responsible" for the sluggish sales of U.S. cars in Japan, he said.

Takao Tominaga, vice chairman of the Japan Automobile Manufacturers Association (JAMA), denied Kantor's allegations in his announcement from Washington.

"There are no trade barriers in Japan's automobile market and Japan has not given unfair treatment to foreign products," said Tominaga, a former MITI director in charge of the auto industry.

"If the United States lodged a complaint with the WTO, we would get a chance to corroborate our assertions in full public view," he said.

As for U.S. retaliatory procedures that could lead to possible slapping of punitive tariffs on selected Japanese products, he said, "I want the U.S. Government to rescind procedures that contravene the spirit of the WTO."

In a related development, an executive official of a major Japanese automaker blasted Kantor's announcement for being a "one-sided assertion that holds only the Japanese side responsible" for the slow sales of U.S. automobiles in Japan.

A JAMA official said "access to the Japanese market is steadfastly improving." He cited 1994 statistics that show imported cars accounted for 8.1 percent of the market, up from the preceding year's 5.9 percent.

"Any auto dealer can sell imported cars on the basis of its own independent judgments, so their allegations that Japanese automakers are pressuring the affiliated dealers to shut out imported cars on the strength of the keiretsu connections are groundless," the official said.

The U.S. trade negotiators have blasted the keiretsu system for putting psychological pressure on the dealers affiliated with major Japanese automakers to close out foreign automobiles.

In a related development, Toyota Motor Corp. issued a press statement and urged the U.S. Government to make "the reasonable decision not to impose these sanctions."

In a string of comments attributed to its executive vice president, Masaharu Tanaka, Toyota said the presence of U.S. Trade Law's Section 301, from which the possible retaliatory steps would draw their legitimacy, "goes against international trade rules."

The clause empowers the U.S. Government to slap retaliatory trade measures on a country whose trading practices are found to discriminate unfairly against U.S. products.

The clause "should not exist" as it "goes against the spirit of the World Trade Organization," said the biggest Japanese automaker, which competes with the U.S. "Big Three" automakers.

Transport Minister Shizuka Kamei released a written statement Thursday saying he regrets the U.S. decision to announce a retaliatory list for Japanese products "despite Japan's maximum efforts" to settle the dispute.

Japan should say what it must to the WTO and will continue efforts to obtain understanding by world trade partners, Kamei added.

At a meeting of the House of Councillors' Foreign Affairs Committee, Foreign Minister Yohei Kono said such a list will make both Japan and the U.S. lose ground in the framework trade talks.

Japanese business leaders joined the ministers.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), an influential business lobby, said the unilateral move by the U.S. to issue the retaliatory list runs counter to the spirit of the WTO.

"I strongly hope the U.S. will stay calm and continue negotiations based on international rules," said Toyoda who is also chairman of Toyota Motor Corp.

Yoshifumi Tsuji, president of Nissan Motor Co., said he believes that the filing of a WTO complaint by the U.S. will only prove that the Japanese market is open equally to domestic and foreign businesses.

He added, "I cannot understand on what basis the U.S. is compiling the retaliatory list of Japanese products because Japan has already announced easing of restrictions on the repair market of auto parts."

Kosaku Inaba, head of the Japan Chamber of Commerce and Industry, said it was a pity that the U.S. announced a plan for one-sided trade sanctions against Japan.

Inaba said the U.S.'s invoking of a Section 301 retaliation list is obviously against the fundamental rules of the WTO. "We can by no means accept such retaliatory measures."

Takeshi Nagano, president of the Japan Federation of Employers Associations (Nikkeiren), said, "I do believe the U.S. demand is unreasonable. But it is not necessarily a bad thing for both Japan and the U.S. to continue discussions based on an international trade rule."

Nagano said he hopes both countries will try to avoid a result which works to their mutual disadvantage.

Jiro Ushio, chairman of the Japan Association of Corporate Executives (Keizai Doyukai), said it was regrettable to hear about the U.S. Government's step in the bilateral trade talks, though he believes Japan-U.S. relations on a private level have been developing favorably.

Ushio said both nations should try to seek a reasonable solution in a more open place supervised by a third-party, the WTO.

Igarashi Raps U.S. Decision

OW1105041595 Tokyo KYODO in English 0405 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Japan on Thursday [11 May] expressed disappointment at a U.S. decision to take retaliatory actions against Japan for its alleged refusal to open its automotive market.

"The U.S. Government's announcement that it will shortly issue a so-called sanctions list under Section 301 violates the principle of dialogue under the framework negotiations," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"In this sense, it is regrettable," the top government spokesman said, noting Tokyo will stick to its initial policy of taking the trade dispute with Washington to the newly formed World Trade Organization (WTO).

He attributed the failure to reach accord in the bilateral auto trade talks to Washington's demand to boost the targets for voluntary purchase of foreign automotive products by Japanese automakers.

Igarashi portrayed the U.S. demand as "numerical targets," which Tokyo has long rejected as something that would lead to managed trade.

But he also sounded an optimistic note about the trade argument's possible effect on the future course of Japan-U.S. ties, saying both countries share the opinion that their interdependent relations should be cemented further.

Hashimoto Regrets U.S. Move

OW1105031995 Tokyo KYODO in English 0310 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — International Trade and Industry Minister Ryutaro Hashimoto expressed regret Thursday [11 May] for U.S. moves toward trade sanctions on Japan but repeated his willingness to take the row to the World Trade Organization (WTO).

In a hastily assembled news conference hours after U.S. Trade Representative Mickey Kantor announced that Washington is ready to take the bilateral auto dispute with Japan to the WTO, the head of the Ministry of International Trade and Industry (MITI) said Japan will file its own complaint as soon as the United States issues a sanctions list that Kantor said it is preparing.

"America's decision to publish the sanctions list is truly regrettable," Hashimoto said. "If they publish the list, we will immediately appeal to the WTO."

He expressed confidence in a "calm" response from the Geneva- based trade referee over U.S. claims that the Japanese car and auto parts market is closed and said Japan is ready to make its case aggressively.

Hashimoto said the breakdown Friday of auto talks between himself and Kantor does not mean a repudiation of the entire bilateral "framework" talks.

Japan had said it would appeal to the WTO if Washington issued a list of items subject to retaliatory sanctions that Kantor said would come within 30 days and which are expected to include 100 percent tariffs on Japanese luxury cars.

But now the U.S. will go to Geneva on its own within 45 days, Kantor said, telling reporters that Japan "has failed to carry out its obligations under the WTO and continues to thwart open and equitable trade, which is the objective of the WTO."

Hashimoto countered that the "unilateral measures" Kantor vowed "clearly violate the WTO" and "contradict the fundamental spirit" of the trade body.

"As for our country, of course we do not think the Japanese market is discriminatory," he said. "Henceforth, we will actively make use of WTO conferences and expect to receive the understanding of the justness of our position."

Hashimoto said that in the nearly two years of talks, Japan has made the best offers it can in line with international rules and within government prerogatives, but the talks failed last Friday in Canada over unfair U.S. demands.

U.S. insistence that Japanese automakers increase their purchases of foreign parts and that Japan count the dealers willing to handle foreign cars — which he said the U.S. called a "down payment" — amounted to "virtual numerical targets, which prompt international concern," Hashimoto said.

Hashimoto said that the low U.S. share of Japan's auto market represents a lack of effort, repeating that Japan's auto market is not closed — a U.S. assertion that has angered Japanese officials over the course of the talks.

In the class of cars with engine displacement of 2001-3000 cc, U.S. cars hold 28.5 percent of the Japanese market, he said as proof of the market's openness.

Hashimoto blamed Detroit's "Big Three" for offering no cars with engine displacement of 2000 cc or less, the segment that accounts for some 95 percent of the Japanese market.

He again rejected the U.S. stance that Opel cars under 2000 cc from the European subsidiary of General Motors Corp. or Fords made in Japan by Mazda Motor Corp. should be counted as U.S. models offered in Japan because the U.S. does not use such cars in its count of import share.

On the U.S. assertion that Japan's "keiretsu" corporate relationships unfairly block foreign makers from having their cars sold by Japanese dealers, Hashimoto said Japan's Fair Trade Commission actively enforces the antimonopoly law, preventing any antitrust problems.

MITI's top bureaucrat, Vice Minister Tomio Tsutsumi, later said Japan is "bewildered" by what it calls the contradictory U.S. stance of seeking redress of its trade grievances at the WTO under international rules and at the same time invoking "unilateral steps" that "clearly violate" WTO rules.

He acknowledged at a regular news conference that MITI is "concerned" about possible pressure from other Japanese industrial sectors against automakers for a compromise with the U.S.

But Tsutsumi expressed hope for a "quiet, calm response and to some extent the support" of other industries in understanding the importance of a unified stand on a major bilateral trade issue.

He noted that Hashimoto sought such a calm response in a scheduled morning meeting with chemical industry leaders.

Industry Urged To Respond Calmly

OW1105045595 Tokyo KYODO in English
0446 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Trade minister Ryutaro Hashimoto urged chemical industry leaders Thursday [11 May] morning to respond calmly to expected U.S. trade sanctions against Japan.

In a scheduled morning meeting with industry leaders, the Ministry of International Trade and Industry (MITI) head asked them to avoid "excessive reactions" to expected sanctions, a MITI official said.

Hashimoto's appeal appeared to be in line with his previous calls for unity among Japanese Government and industry to prevent MITI or the auto industry from being blamed for the breakdown in bilateral trade talks.

The meeting came just hours after the United States announced plans to take the bilateral auto dispute to a global trade referee and to list within a few days Japanese items subject to possible sanctions, which are expected to include 100 percent tariffs on luxury cars and could be broad-ranging under U.S. trade law.

In response to the industry leaders' appeal for cutting effective corporate tax rates, Hashimoto reportedly vowed to continue a broad review of the tax system.

Hashimoto Discusses Options

OW1105013495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 9 May 95 Evening Edition p 1

[FBIS Translated Text] Commenting on reports that the U.S. Government is contemplating a decision on sanctions against Japan relating to autos and auto parts, Ryutaro Hashimoto, minister of international trade and industry, said: "If the sanctions come, they will cause an impact on domestic industry. If the sanctions are those of an irrational nature, we will need to take domestic measures within international rules."

Speaking in a news conference following a cabinet meeting on 9 May, Hashimoto thus indicated that if Japan's domestic industry sustains damages as a result of the U.S. sanctions, the government will take some kind of relief actions.

In the cabinet meeting earlier, Minister Hashimoto reported on the failed negotiations on autos and auto parts carried out as part of the Japan-U.S. economic framework talks, and in an informal cabinet meeting that followed, he requested the understanding of all cabinet members on his plan to file complaints with the World Trade Organization (WTO), emphatically saying: "It is important that the whole nation face this matter in unity." Prime Minister Tomiichi Murayama approved the trade minister's plan and instructed all cabinet ministers to act in unity in dealing with the matter.

Referring to the U.S. demand on upscaling Japanese auto manufacturers' voluntary plans for purchasing U.S.-made auto parts, Minister Hashimoto said: "Interventions by the government can impair the business plans of private industry," and added, "If we accept this demand, it could lead to demands that such an approach be applied not only to the auto industry, but also to other industries. By all means, we will continue to reject the demand."

In response, many ministers expressed their understanding of the trade minister's plan, and Yohei Kono, deputy prime minister and foreign minister, said: "I appreciate the efforts of the trade minister." Prime Minister Murayama then said, "I hope the plan will be accepted internationally as being rational," and asked Hashimoto to study measures including the possibility of filing complaints with the WTO, and urged the Foreign Ministry, the Transport Ministry and other ministries and agencies concerned to cooperate with the MITI in this regard.

Transport Minister Shizuka Kamei, meanwhile, talked about deregulation with respect to auto replacement parts, and said, "I would like to see that it will be undertaken steadfastly under the Three-Year Deregulation Promotion Plan."

MITI Begins Preparing for WTO

OW1105112995 Tokyo KYODO in English
1055 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Trade bureaucrats began preparing Thursday for a long [words indistinct] battle in Geneva against the United States over autos and auto parts, officials said.

Although the U.S. has not published the list of items targeted for possible trade sanctions over Japan's allegedly unfair trade restrictions, Ministry of International Trade and Industry (MITI) officials said they have begun general preparations now that Washington has officially vowed to take the case to the World Trade Organization (WTO).

But other government officials were at pains to stress that they do not see the auto trade issue endangering overall bilateral ties, even if the wrangle should be taken up by Prime Minister Tomiichi Murayama and President Bill Clinton during a summit of major powers next month.

"I don't want you to think that because of this, Japan-U.S. ties are strained or we're at war," said a senior Foreign Ministry official. "Japan-U.S. relations are vital and economic relations overall are going well."

MITI, however, is girding for rhetorical battle, for example by considering rebutting U.S. claims that the Japanese market is closed by showing that problems indicated in 1993 and 1994 reports by the fair trade commission have been addressed, officials said.

The ministry is also ready if needed to question the domestic industry to prepare Japan's responses to U.S. charges, but specific WTO appeals must await the details of the coming U.S. sanctions list, they said.

Japan has not officially notified the WTO that it plans to file a complaint with the global trade referee, as the U.S. has not published the sanctions list, MITI Vice Minister Tomio Tsutsumi said Thursday.

But MITI Chief Ryutaro Hashimoto expressly declared that Tokyo will go immediately to the WTO if Washington issues the promised list, not waiting for the impositions of sanctions themselves.

U.S. Trade Representative Mickey Kantor preempted Japan on Wednesday by announcing the U.S. plan to file a WTO complaint within about 45 days and issue the sanctions list "in a few days."

In addition to filings with the WTO, which Hashimoto and other senior MITI officials have already lobbied for a quick handling of the issue if it lands in Geneva, Japan must spell out its goals in a notification to the U.S. if it seeks action against Washington.

But, "as our aim is simply to question the appropriateness of America's unilateral steps, we are almost prepared" for that notification, said an official of MITI's International Trade Policy Bureau.

MITI, however, is preparing domestically too.

To keep the government in step on the trade dispute, MITI is apparently planning to compile position guidelines for the prime minister's office and affected government ministries, officials indicated.

Tsutsumi acknowledged Thursday MITI's "concerns" that pressure will build from other industry sectors on the auto and parts industry to make concessions, and Hashimoto has previously appealed for unity not only among industry sectors but also within the government to prevent MITI from being blamed for the trade row.

Hashimoto also recently said MITI may draft measures to help domestic industries hurt by eventual sanctions, but the trade policy official said the ministry cannot plan specifically how to help affected firms until it sees the details of the sanctions list.

Likely Targets of U.S. Sanctions Outlined

OW1105041295 Tokyo KYODO in English 0359 GMT 11 May 95

["News Analysis" by Kohei Murayama]

[FBIS Transcribed Text] Washington, May 10 KYODO — Japanese autos and auto parts have taken such deep root in the U.S. Market that Washington policy-makers are carefully sorting out products that could be subject to sanctions without hurting themselves.

This also seems to partly explain why they have delayed their release of a sanctions list against a widely anticipated quick response after last week's breakdown in the bilateral auto trade talks.

At a White House press briefing in announcing an unexpected delay in issuing a sanctions list against Japan, U.S. Trade Representative Mickey Kantor said president Bill Clinton "directed us to go through it one more time and make sure we were as careful as possible."

Obviously, various factors are being considered such as U.S. plants of Japanese automakers which employ American workers, dealers who make their livelihoods selling Japanese vehicles, and U.S. automakers that need Japanese parts.

Describing Japan's market as "unreasonable and discriminatory," Kantor said that the auto trade imbalance, worth some 37 billion dollars, accounts for nearly 60 percent of the overall U.S. trade deficit with Japan and nearly 25 percent of the U.S. global trade deficit.

On the other hand, it also proves how firmly Japanese autos and auto parts have taken root in the U.S. market.

Kantor said the initial list of products subject to Section 301 retaliatory action under a 1974 Trade Law will be issued "in a few days," while declining to detail the list.

U.S. officials have indicated that the list will slap record-high sanctions amounting to as much as 10 billion dollars with punitive tariffs of up to 100 percent chiefly targeting Japanese luxury cars and minivans.

The most affected Japanese products are thus expected to include vehicles such as Lexus of Toyota Motor Corp., Acura and Legend of Honda Motor Co., as well as Infiniti of Nissan Motor Co.

But soon after hearing Clinton's decision to impose sanctions, U.S. import-car dealers expressed strong opposition in a joint statement through the American International Automobile Dealers Association.

"Simply put, we have dealers who will not survive 60 days if sanctions are imposed," association president Walter Huizenga said, primarily voicing concerns over actions on Japanese luxury cars.

With international auto dealers employing more than 300,000 American workers, he said, "Our government is firing a bullet at Japan, but they are hitting Americans."

Referring to similar objections expected from other lobby groups, many analysts said Kantor and his team are trying to narrow the list to be most effective against Japan but least harmful to domestic concerns.

Kantor even indicated a possibility of including nonautomobile items.

"The factors you always consider are the level of the damage, what is in the best interest of U.S. workers and our economy, how best we can react in a way that might rectify this situation, and also in what areas could you react in a way that doesn't hurt U.S. businesses here at home."

"In other words, goods or services in other areas, not in this area, of course, that would be substitutable," he said.

With trade laws requiring a review period of at least 30 days to hear public comment on an initial sanctions list, a final sanctions list will probably turn out to be much more limited, with analysts predicting sanctions will be reduced to a level as low as 1 billion dollars.

When considering such drawbacks as inviting domestic and overseas criticism over imposing unilateral actions, sanctions appear more effective to use as a potential retaliatory threat in seeking concessions.

In this sense, the announced U.S. decision was blended with skillful strategy, showing its willingness internationally to continue negotiations by lodging a complaint with the World Trade Organization, while prolonging the implementation of sanctions.

But the time frame of filing the WTO complaint in "approximately 45 days" and a 30-day review period for the initial list suggests that the U.S. does not intend to actually take both actions in hope of a last-minute resolution with Japan.

Most notably in timing is a meeting expected between Clinton and Japanese Prime Minister Tomiichi Murayama during a Group of Seven summit in Halifax, Canada, in mid-June.

Asked whether the U.S. actions would lead to a trade war with Japan, Kantor said, "We haven't had a trade war in the world since 1932. I don't expect there'll be a trade war."

On the possibility of resuming talks, Kantor said, "The ball is in their (Japan's) court, and we'll wait to hear from them."

Negotiators' Rejection of U.S. Demand Viewed

OW1005172495 Tokyo YOMIURI SHIMBUN in Japanese 10 May 95 Morning Edition p 7

[FBIS Translated Text] It was learned on 9 May that in connection with the issue of increasing Japanese automakers' voluntary purchases of U.S. auto parts, the United States has demanded during trade negotiations that Japanese automakers increase purchases by approximately 10 percent per annum after FY95. Japan and the United States have been in dispute over this issue in negotiations over the automobiles and auto parts sector under the bilateral framework trade talks.

According to a source concerned with the trade negotiations, the United States informally presented specific purchase values for each Japanese automaker as "examples of increased purchases" during various stages in the negotiations. It is observed that the United States unilaterally calculated these figures based on voluntary purchase plans which Japanese automakers worked out in spring 1994. However, Japanese negotiators rejected the U.S. demand, saying: "Regardless of how they are viewed, there is no question that they are numerical targets."

Joint Arms Production With U.S. Urged

OW1105092895 Tokyo KYODO in English 0914 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — The Federation of Economic Organizations (Keidanren) urged the Japanese Government Thursday [11 May] to consider joint development and production of weapons with the United States, Keidanren officials said.

The top Japanese business lobby made the request in a petition submitted to Defense Agency Director General Tokuichiro Tamazawa, they said.

The petition also urged the government to ease the existing policy of restricting Japanese arms exports to all countries, so that jointly developed weapons may be exported to the U.S.

The petition said international cooperation in arms development and production should be considered to cope with a cut in Japan's arms spending that has affected Japan's defense industry, as well as increased technical sophistication and higher costs of weapons.

It also asked the government to work out soon a new medium-term arms buildup program to replace the current program that ends in fiscal 1995.

Expert Views Security Cooperation With U.S.

OW1005124995 Tokyo ASAHI SHIMBUN in Japanese 9 May 95 Morning Edition p 4

[Commentary by "international consultant" Yukio Okamoto]

[FBIS Translated Text] ASAHI SHIMBUN asserts in a proposal that Cold-War type security arrangements between Japan and the United States should be reviewed and a new security system should be created primarily through multilateral dialogue and talks. The idea is acceptable, but the question is when these things should be done. I would like to raise some fundamental questions.

Is the world now a safe place because the Cold War has ended? Unfortunately, the answer is no. Although ethnocentrism and conflicts were contained during the period of confrontation between the United States and the former Soviet Union, they are now emerging in various parts of the world. What is worse is that the United States, a major country capable of suppressing such conflicts, has become inner-directed. Americans now think: "There is no need for us to intervene in other countries' affairs and shed our blood." In the Cold War era, the United States feared that unless ethnic conflicts were prevented, its enemy — that is, communist countries as a whole — would make advances in conflict-prone regions. The United States no longer holds to that belief. Its basic stand is that conflicts in Somalia, Bosnia, and Rwanda should be settled by all parties concerned. The world is now as unstable as an unsecured house.

The United Nations is expected to take over the role of maintaining global peace from the United States. But Washington has no intention of supporting the world organization. The same can be said of other major countries. Despite efforts by UN Special Representative Yasushi Akashi, the United Nations has again revealed its powerlessness in the former Yugoslavia.

East Asia "has entered a new era." However, the region is unstable as compared with other areas in the world. It may be more unstable than the paper perceives it to be. There is continued tension in the Korean peninsula. The United States and the DPRK may not reach an agreement soon. The relationship between China and Taiwan is also tense. If Taiwan declares independence from China, Beijing may take military action. Six countries claiming rights over the Spratly Islands have had disputes over the ownership of the islands. East Asian countries have continued their expansion of armaments. China maintains a huge 2.3 million-strong ground force. I wonder what will happen if this country moves toward expansionism. Japan and other countries support the unification of North and South Korea. However, a simple calculation tells that they will have a 1.5 million-strong ground force if their armed forces are combined following unification.

Japan's Ground Self-Defense Force [GSDF] has 150,000 personnel. With this level of strength, the GSDF is incapable of defending the nation on its own. To make up for this, Japan chose to establish a security arrangement with the United States. The system helped Japan avoid bowing to diplomatic threats made from time to time by China and the former Soviet Union.

These things raise a question about the paper's basic perception that "the Japan-U.S. security system has resulted in overly expanding the size of the Self-Defense Forces, thereby hampering Japan's voluntary diplomacy toward neighboring countries." I think the reverse is the case. It is quite natural to assert that the Japan-U.S. security arrangements should be reviewed now that the Cold War structure has collapsed. However, theoretically Japan has only four choices — becoming armed and neutral, becoming unarmed and neutral, maintaining an alliance with the United States, or establishing an alliance with countries other than the United States. I think Japan should maintain an alliance with the United States for the time being in order for Japan to feel safe in unstable East Asia. One cannot say every bilateral alliance is a Cold War-type security system.

Nevertheless, as pointed out by the paper, it will be inevitable for Tokyo and Washington to review their stands on military base- related issues. It is also true that some provisions of the Status of Forces Agreement no longer match the current situation. Meanwhile, the failure of the Japanese Government to strengthen its security system in preparation for emergencies has caused concern that the system will not function satisfactorily if a conflict actually takes place in the Far East. This is a more serious problem than that of base issues.

I agree to the proposal that peace in East Asia should be maintained under a comprehensive collective security system. But we have to emphasize and remember that to achieve this goal, arms reduction must be promoted first in China and other military powers in Asia.

What should Japan do? The paper proposes that it should hold six-nation security talks. This is important, although such talks will not help resolve the northern territorial dispute between Japan and Russia. More importantly, Japan should make active contributions to efforts for strengthening political ties in Asia. Promoting political cooperation is more necessary than boosting mutual trust in the military arena, as pointed out by the paper. There is no political cooperation in Asia. In this sense, I think Japan should join not only the ASEAN Regional Forum (ARF) but also the East Asia Economic Caucus (EAEC). The most important thing is for Japan to have independent, clear policies on individual problems in Asia. Without such policies, Japan will not be trusted by other Asian countries.

Measures Against DPRK Nuclear Issue Discussed

OW1005124295 Tokyo KYODO in English 1152 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 KYODO — The United States, South Korea and Japan agreed Wednesday [10 May] to press ahead with their previous position that South Korean-made nuclear reactors be supplied to North Korea and South Korea be given a central role in the project.

At a news conference held after a meeting, U.S. Ambassador-at-large Robert Gallucci, and South Korean and Japanese nuclear Ambassadors Choi Tong-chin and Tetsuya Endo issued a joint statement reconfirming the principle of South Korea's central role in the project.

The three countries also agreed that improved relations between South and North Korea through dialogue are essential to the full implementation of the nuclear agreement signed last October between the U.S. and North Korea, and to a lasting peace on the Korean Peninsula, according to the statement.

"The three governments discussed a wide range of issues related to the implementation of the U.S.-DPRK (North Korea) agreed framework, including the light-water reactor project, the resumption of inter-Korean dialogue, and the issue of Kedo's full functioning," the statement said.

Under the terms of the landmark nuclear deal, North Korea agreed to freeze and eventually dismantle its nuclear program, which is suspected of having been used to develop nuclear weapons in exchange for modern nuclear reactors for electricity generation and political and economic benefits.

Gallucci also stressed the importance of reopening the long-stalled dialogue between the two Koreas, saying, "the resumption of inter-Korean dialogue and improvement of relations between North and South Korea are absolutely essential and integral to the implementation of the agreed framework."

Gallucci, who was the U.S. point man in the nuclear talks with North Korea in Geneva last year at which the landmark nuclear deal was reached, arrived in Seoul on Monday for three days of consultations with South Korean and Japanese officials.

The tripartite talks were held to discuss coordinating a joint approach to the dispute that has arisen from North Korea's refusal to accept South Korean-made nuclear reactors.

Asked why the provision of South Korean-type reactors to the North was not specified in the statement, Seoul's nuclear Ambassador Choi said it was clearly stated in the Kedo Agreement that Kedo eventually sign a reactor supply contract with North Korea and the Kedo Charter commits itself to providing South Korean-made reactors to the North.

The Korean Peninsula Energy Organization (KEDO) is a U.S.-led international consortium to finance the estimated 4 billion dollar cost of providing modern reactors to North Korea.

Expert-level talks between the U.S. and North Korea in Berlin last month ended without progress because of North Korea's strong objection to accepting reactors from longtime archrival South Korea.

North Korea cited safety reasons, but it is believed to be acting out of national pride, stemming from the long-lasting ideological confrontation between the two Koreas, which fought the bloody 1950- 53 Korean war.

Asked the reason for the North's rejection of South Korean reactors, Gallucci said it seems that North Korea finds it a "politically difficult thing to do."

In an effort to find a breakthrough in the troubled negotiations, the U.S. proposed to North Korea last week that the two countries hold high-level talks in mid-May over the type of nuclear reactors to be supplied to Pyongyang.

Gallucci made the proposal to his North Korean counterpart, Vice Foreign Minister Kang Sok-chu, in a letter in which he also welcomed Pyongyang's decision to accept a U.S. proposal to upgrade the stalled bilateral nuclear talks.

Korean Wartime Conscripts Demand Compensation

OW1005131695 Tokyo KYODO in English 1302 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — Korean conscripts of the Japanese military tried after

World War II as class B and class C war criminals filed suit in the Tokyo District Court on Wednesday [10 May] demanding 85 million yen in compensation and a formal apology from the Japanese Government.

The seven former conscripts and the bereaved family members of one executed soldier have been denied compensation paid to Japanese soldiers since they were no longer considered Japanese citizens after the war.

The suit, however, argues that they were considered Japanese citizens during their wartime service in the old Japanese Imperial Army because of Japan's 1910-1945 colonial rule over the Korean Peninsula.

"We cannot permit the position that (the government) will not pay compensation because their citizenship had changed, when these individuals made the same sacrifices (as Japanese) during the war," said Eiichi Kawakami, the attorney representing the former conscripts.

According to the suit, the eight Koreans were drafted in 1942 and served as guards in prisoner-of-war camps. Following the end of the war, they were tried as class B and class C war criminals for abusing the prisoners.

One soldier was sentenced to death and executed. Three were found guilty and imprisoned for up to four years and eight months, while four were not indicted.

Japanese soldiers, imprisoned as war criminals, later received pensions from the Japanese Government depending upon the length of their imprisonment, but the Koreans were denied the pensions because they did not have Japanese citizenship.

The Japanese Government holds that demands for compensation were concluded with the 1965 Japan-South Korea Treaty.

MOT To Further Ease Vehicle Inspection Rules

OW1105050295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 May 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of Transport [MOT] has decided to further alleviate regulations on vehicle inspection such as those requiring complete-overhaul inspections when major parts are repaired. The actions are those the Japanese Government has already informed the U.S. Government about at the Japan-U.S. economic framework talks on auto and auto parts.

Even though the Japan-U.S. talks in Canada ended in failure, the ministry will proceed with the work of reducing the number of parts to be inspected, simplifying inspection procedures, and relaxing the certification system — with respect to three areas of "complete-overhaul inspections," "inspections for structural changes," and "certified maintenance shops." These actions, to be implemented over the next three-year period, are envisaged in the government's deregulation promotion plan.

The main point of the actions is the elimination of the "crucial safety parts," the inspection of which is now obligatory when they are replaced or repaired. Accepting U.S. demands, the two parts — "shock absorbers" and "trailer hitches" to hitch up camping cars and other trailers — will be removed from the "crucial safety parts" list as well. The ministry will also revise the definition of the complete-overhaul maintenance services like those done when brakes and engines are repaired, which currently require passing of inspections each time services are conducted.

In addition, there will be measures to ease the "inspection for structural changes" — the inspection required when components that would change the vehicle size are used — as well as measures to approve the system of "limited permit workshops" which will enable setting up of small specialty workshops, for instance, specializing only in repair of brakes.

Under the existing system, when a person installs a roof rack on his vehicle, he has to receive an "inspection for structural changes," but, under the new system, such inspection will be unnecessary as long as welding or riveting operations are not involved. The newly authorized "limited permit workshops" will be required to employ only one qualified repairman, while the full fledged permit workshops are required to have at least two of them.

The Ministry of Transport had drawn up this plan on the premise that the Japan-U.S. framework talks would come to a grand finale. But the ministry (Michihiko Matsuo, administrative vice minister of transport) thinks that "Since Japan proposed to do these things in the course of negotiations, they should be implemented step by step as part of the deregulation programs, regardless of the outcome of the talks." As a result, the ministry has decided to include this plan in the government's deregulation plan, which will be reviewed at the end of each year.

Public Bonds Issue To Follow Economic Recovery

OW1005110595 Tokyo KYODO in English 1050 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — The government will wait until the nation's economy achieves full-scale recovery before deciding how to cover the redemption of public bond issues, Finance Minister Masayoshi Takemura said Wednesday [10 May].

"Naturally, we have to consider redemption of government bonds in some ways based on the economic recovery," Takemura said at a news conference after the extraordinary cabinet session approved outlines of a supplementary budget for fiscal 1995.

"As long as economic conditions remain fragile, however, we won't mention a tax hike," Takemura said.

To finance the extra budget worth 2.7 trillion yen and to make up for a tax revenue shortage, the government plans to issue 2.3 trillion yen in construction bonds and 564 billion yen in deficit-covering bonds.

Takemura said that because activating Japan's economy is a top priority, the government wants to go ahead with the public bond issues despite severe fiscal conditions.

He hoped the implementation of the extra budget, together with active front-loading of the 70.99 trillion yen initial fiscal 1995 budget during the first half, will contribute to the expansion of domestic demand with a view to bringing the economy to full-scale recovery.

Anzen's Extension of Illegal Loans Examined

OW1005135695 Tokyo KYODO in English 1259 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — A bankrupt Tokyo credit union apparently extended loans last summer to the head of another now-defunct credit union via two companies, sources close to prosecutors said Wednesday [10 may].

Anzen Credit Bank gave 470 million yen in loans to Kimitsu Golf Club, a Tokyo golf course company, and the money was relayed to Akeno Ecotopia, a Tokyo resort developer, they said.

The loans were then transmitted to a company affiliated with Harunori Takahashi, 49, then President of Tokyo Kyowa Credit Association, and were probably used to help pay back Takahashi's debts, the sources said.

The loans were made after Takahashi asked Kimitsu Golf Club, one of his Eie International Group of companies, to borrow money from Anzen and lend it to Akeno Ecotopia, also in the Eie Group, they said.

Neither of the two companies provided collateral, they said.

Takahashi and Shinsuke Suzuki, 46, then president of Anzen, may have arranged such a roundabout route for the loans in order to avert a possible reprimand by the Tokyo metropolitan government, which began inspecting the two credit unions last June, they said.

Akeno Ecotopia was inactive from around the summer of 1992, but loans from Anzen rapidly increased thereafter and the total amount reached 7.3 billion yen as of last November.

The Tokyo District Public Prosecutors Office and metropolitan police department launched raids Wednesday at more than 60 offices and other locations linked to alleged illegal loans by the credit unions.

Investigators suspect some loans extended by Anzen to Akeno Ecotopia were made without collateral.

Among locations searched in connection with alleged breach of trust were the homes of Takahashi and Suzuki, but Takahashi released a statement saying he has never been involved in any breach of trust and does not feel the crackdown reasonable.

Finance Minister Masayoshi Takemura said he hopes investigators will fully probe the scandal and clarify the roles of the two institutions' management.

The raids, expected to last several days, could include companies run by relatives of former labor minister Toshio Yamaguchi.

Chief Cabinet Secretary Kozo Igarashi said at a news conference that the government wants "a strict investigation" should politicians be involved.

The House of Representatives Budget Committee held a meeting of executives to discuss whether it should summon Yamaguchi to testify on the scandal as well as former Defense Agency Chief Keisuke Nakanishi, who is said to have close relations with Takahashi.

The panel, however, failed to reach a conclusion because Shinshinto (New Frontier Party), Japan's largest opposition party, opposed the plan.

Nakanishi belongs to Shinshinto and Yamaguchi was also a member of the party until he quit.

Investigators are focusing on their interrogations and analysis of confiscated material related to the mostly unrecoverable 6.5 billion yen the two unions provided to companies connected with Yamaguchi, the sources said.

Wednesday's raids concentrated on the group of companies headed by Takahashi and Suzuki. Police also searched some 40 other locations connected to financial institutions that are suspected of having supported the credit unions' dubious loans by depositing funds with them that were actually used for third companies.

Such transactions were prohibited in 1957.

The operations of Tokyo Kyowa and Anzen were taken over by the Kyodou Bank in March under a bailout plan mapped out by the Bank of Japan, the Tokyo metropolitan government and private banks.

Loans given by Tokyo Kyowa and Azen to companies affiliated to relatives of Yamaguchi had increased by 2.8 billion yen since July 1993, when the Long-Term Credit Bank of Japan withdrew its financial assistance to the two credit unions, according to investigation by the Tokyo metropolitan government, well-placed sources said.

The amount of loans from the two institutions to such companies totaled about 6.5 billion yen as of last November, and some of them have become uncollectable due to lack of sufficient collateral, they said.

Prosecutors plan to raid the companies as early as Thursday to investigate the overall flow of loans by the two entities.

Authorities Raid Yamaguchi-Related Firms

OW1105050095 Tokyo KYODO in English 0435 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Prosecutors Thursday [11 May] raided companies having ties with former Labor Minister Toshio Yamaguchi and other sites over suspected breach of trust by the heads of two scandal-tainted failed credit unions.

Among offices searched by members of the Tokyo District Public Prosecutors Office were those of Mutsumi Shoji in Higashimatsuyama, Saitama Prefecture, north of Tokyo, and other firms affiliated with Yamaguchi or his relatives.

The raids for the growing scandal involving the former president of Tokyo Kyowa Credit Association, Harunori Takahashi, and the former president of Anzen Credit Bank, Shinsuke Suzuki, were launched Wednesday and are expected to last several days.

Companies with links to Yamaguchi borrowed some 6.5 billion yen from the two credit unions and also some 30 billion yen from the group of companies headed by Takahashi.

Yamaguchi resigned as deputy secretary general of the main opposition Shinshinto (New Frontier Party) in February after the disclosure of dubious loans from the credit unions to companies run by his relatives. In March he quit the party itself, although he has denied any wrongdoing.

Prosecutors believe the massive lending to Yamaguchi-affiliated firms hold a key to uncovering the entire picture of the scandal, which continues to widen.

In February, the defunct credit unions filed complaints with prosecutors and police against Takahashi and Suzuki, accusing the two men of granting illegal loans without sufficient collateral.

According to the Tokyo Metropolitan Government which supervises the credit unions, the two institutions are saddled with 110 billion yen in unrecoverable loans.

Wednesday's raids concentrated on the group of companies headed by Takahashi and Suzuki. Police also searched some 40 other locations connected to financial institutions that are suspected of having supported the credit unions' dubious loans by depositing funds with them that were actually used for third companies.

Such transactions were prohibited in 1957.

Investigators are also substantiating allegations of breach of trust for a Tokyo-based tourism development business and a golf course developer based in Oita Prefecture on the island of Kyushu.

Following a first 1.55 billion yen investment in July 1993, Anzen Credit Bank provided a total of 7.3 billion yen to the dormant tourism business by last November, according to the Tokyo Metropolitan Government.

Most of the funds were diverted to companies run by Takahashi, who allegedly used the money to pay back personal debts.

In June last year, Anzen Credit Bank also provided 8.7 billion yen to the golf course developer, which was found to have not even obtained a permit from Oita Prefecture to develop a golf course.

Investigators are especially focusing on loans granted after July 1993 when the bank that had been backing Takahashi's companies, the Long-Term Credit Bank of Japan Ltd., pulled out of the group's management.

Suspicion is reportedly strong that the loans were arranged by Takahashi to escape responsibility for bad company results in a breach of trust.

Both Takahashi and Suzuki have denied allegations of breach of trust, arguing all loans had been extended upon instruction from the Long-Term Credit Bank of Japan and the metropolitan government.

The operations of Tokyo Kyowa and Anzen were taken over by Tokyo Kyodou Bank in March under a bailout plan mapped out by the Bank of Japan, the Tokyo Metropolitan Government and private banks.

Health of National Pension Fund Questioned

952A0478A Tokyo SHUKAN TOYO KEIZAI in Japanese 1 Apr 95 pp 72-76

[Reporter Shigeki Kakinuma: "There Are Many People Who Have Not Yet Joined the National Pension Plan or Paid Premiums; Are You Sure of Your Pension Benefits?"]

[FBIS Translated Text] *There are roughly 5.7 million defaulters with the National Pension Plan, including those who have not yet joined the plan or made premium payments. One for every three or four persons obligated to join the plan is in a state of default. This affects salaried workers' Welfare Pensions as well. Are pension finances really safe, which are already in distress with a sharp rise in the number of aged people?*

Mr. M (21), a junior at a private college in Tokyo, has no intention to pay premiums on the National Pension Plan at all.

He says: "Most of my friends are not making payments. First, they just feel no concern about their future as distant as that, and the burdens are too heavy (11,100 yen per month at present). The burdens are just too much for my parents, and so I will make the payments by myself after I graduate from school."

Enrolling in the National Pension Plan became compulsory for college students from 20 years of age upward with the revision of the pension system in 1989. However, in fact there seem to be a considerable number of college students who are not paying pension premiums. In the case of collegians, many of them rather ignore their payment obligations for two or three years before employment, thinking that they are thus practicing filial piety toward their parents.

"Universal Pensions" Are in Name Only

Mr. S (53), a self-employed person in Saitama Prefecture, has never paid a premium in the more than 20 years since he quit working as a salaried man and succeeded to his father's firm. In Mr. S's case, even if he pays premiums faithfully from now until the age of 65, when the National Pension Plan begins to pay benefits, he will be unable to receive a bit of money because his enrollment term will still fall short.

He says: "From now, old people will increase sharply while young people decrease in number, and so people have misgivings as to whether they really can receive pensions from the government. In addition, the National Pension Plan alone is far short of meeting our needs even if we receive the full amount (65,000 yen per month per person with an enrollment term of 40 years). Therefore, I am now enrolled in an individual pension plan of a life insurance firm."

Those who are not paying the National Pension premiums have their own various reasons. The largest number of them belong to the bracket of nonsalaried people in their twenties such as students like Mr. M and part-time jobbers.

On the other hand, among them are also not a few self-employed persons in their fifties like Mr. S, whom the Health and Welfare Ministry's Social Insurance Agency call "offenders convinced of their rightness." These people are enrolled in individual pension plans of the private sector, etc. in a larger proportion than salaried workers. This means that they do not trust the nation's system and make preparations for their future on their own.

Defaulting is not a simple concept and is divided into several patterns.

Among defaulters are, first, those who have enrolled in the pension system, but do not intend to pay premiums; second, those who are exempt from paying premiums on account of low incomes, etc.; and third, those who have not taken entry procedures and so have not yet enrolled in the system itself.

Our country greatly revised its pension system in 1985, introducing the basic pension system commonly applied to all of the people. This system unified the basic pension portions of both the Employees' Pension Plan and the Mutual-Aid Pension Plan with the finances of the National Pension Plan. The Employees' Pension Plan is enrolled in by private-sector salaried workers, while the Mutual-Aid Pension Plan by public servants, and the National Pension Plan by self-employed persons and others. As a result of the unifying step, salaried workers, too, became members of the National Pension Plan. At the end of March 1994, the class-1 insured (self-employed persons, etc.) in the National Pension Plan numbered 18.61 million; the class-2 insured (salaried workers in the private sector and public servants), 38.5 million; and the class-3 insured (salaried workers' wives, etc.), 12.16 million.

In the case of the class-2 insured whose number is the largest, defaults don't usually take place because premiums are withheld at each jobsite. In the case of the class-3 insured, the premium itself does not exist. It is the case of the class-1 insured where the defaulting issue occurs.

Among the defaulting patterns, the pattern involving persons exempted has no problem in particular. The pensions they receive are only one third of the normal amounts and all the costs are borne by the National Treasury, that is, covered by the people's taxes, not by premiums paid by those enrolled.

The problem is those who have not yet enrolled in the plan and who have not yet made premium payments.

These people will be unable to receive pensions even if they reach the age qualifying them as annuitants.

In August 1994, the Health and Welfare Ministry made a sampling survey to see the status of enrollment in the public pension plans and estimated that those who were obligated to register as class-1 insured but failed to enroll totaled approximately 1.9 million in 1992. However, besides them, the survey disclosed that among the class-3 insured, a little over 0.4 million people failed to notify their enrollments and that a little more than 1.1 million additional people had not yet enrolled. Those "additional" people included those who failed to register their names on the residential cards such as homeless people and also those who were out of work for a short term. When those people are added, the number of people who have not yet enrolled will indeed exceed 3 million (except those who have not yet notified their enrollments).

On the other hand, there are no published figures as to those who have not yet made premium payments. However, when computed from the nonpayment rate (14.5 percent in fiscal 1993), they are considered to number about 2.7 million. By the way, the nonpayment rate is the ratio of the number of months in which the insured should make premium payments to the number of months in which they have not made the payments.

When those who have not yet made premium payments and those who have not yet enrolled are added together, their total reaches approximately 5.7 million. That is, among those obligated to enroll as the class-1 insured in the National Pension Plan, one for every three or four is not paying premiums. Ever since the National Pension Plan was founded in 1961, the Health and Welfare Ministry has put up the banner of "universal national pensions," but they are still in name only in view of the actual situation.

Salaried Workers' Discontent

Institutionally, salaried workers, too, are participants in the National Pension Plan, and so the existence of those who have not made premium payments or enrolled in the plan has a large effect on salaried workers.

Though the following fact is unexpectedly less known to the people, the pension system is not working the way in which one will, in the future, receive the money which one has kept putting into the plan. In the case of public pensions, unlike individual pensions, the cost of benefits to retired senior citizens at this time is basically borne by contemporaries in active service. Therefore, the burdens salaried workers and others have to shoulder at this point increase in proportion to the number of defaulters. This is not a pleasant thing for salaried workers who get their premiums withheld at the source.

When the National Pension premiums go up sharply as the aging society progresses in the future, defaulters are feared to further increase in number. Let us cite the case of self-employed persons in the National Pension Plan as an example. Their premium will rise from the present monthly level of 11,100 yen to 11,700 yen, beginning in April. After then, it will be raised by 500 yen each year, and reach 21,700 yen (based on the fiscal 1994 value and not reflecting price advances) in 2015. This means that their burdens 20 years later will be nearly twice as large as the present time.

When we take a look at the Employees Pension Plan for salaried workers, we will also see a sharp rise in monthly premium rates.

The present premium rate is 16.5 percent of the standard monthly pay, and this rate is divided equally between labor and management. In the case of a basic monthly wage of 300,000 yen, 8.25 percent, that is, 24,750 yen will be paid by an individual salaried worker.

This premium rate will be raised by 2.5 percent each five years in the future in principle, reaching 27 percent in 2015 and 29.6 percent in 2025. Depending on the trends of defaulters, the rate may be set even higher.

Of course, defaulters cannot receive pensions even though they reach the age at which benefits begin to be disbursed, and so they have plus effects on pension finances in this respect.

Yet, how will things turn out if defaulters increase in number with hikes in premiums? Disbursements will go down, but revenues will also fall at the same time. If circumstances require, in addition to premium hikes, measures may be taken to lower the amount of pensions and raise the age at which disbursements begin (the Employees Pension Plan is scheduled to raise the age from 60 to 65 on a gradual basis, beginning in 2001).

Various Countermeasures

Then, what should be done to decrease the number of defaulters?

According to a survey by the Health and Welfare Ministry last year, about 30 percent of those who have not yet enrolled are those of the young generation living in urban areas, and pushing ahead with their complete enrollment at the age of 20 is one of effective measures to cope with them. Therefore, beginning in April this year, the Health and Welfare Ministry is to issue pension pocketbooks to those who reach the age of 20.

As measures to cope with those who have not yet enrolled, the Health and Welfare Ministry is thinking of strengthening links with the National Health Insurance and of introducing the use of basic pension numbers. In the case of self-employed persons and students, they enroll in the National Health Insurance at each city, town, and village unit, and those who have not yet enrolled in this insurance plan are very small in number compared with those who have not yet enrolled in the National Pension Plan. A source (a Social Insurance Agency official) says: "We will strive to unify notification proceedings at the window and various notification forms, and we will have people enroll in the pension plan as well when they open an insurance with the National Health Insurance. Moreover, as to the basic pension numbers, the agency is making preparations to enforce the system in 1997.

The consolidation of links with the National Health Insurance serves not only as a measure to cope with those who have not yet enrolled, but also as a measure to cope with those who have not yet made premium payments. The work of collecting the National Pension premiums is entrusted to each city, town, and village, and so it is possible to collect premiums for both the National Health Insurance and the National Pension Plan at the same time. The Health and Welfare Ministry is considering this possibility in a forward-looking manner.

Besides these steps, there are also the following measures to cope with those who have not yet made payments: promoting the account transfer, increasing the number of full-time collectors, expanding the discount rate for advance payments, introducing the phased exemption formula, and extending the term to be covered by supplementary payments for settling premiums in arrears. Among them, the phased exemption formula is designed to allow enrollees to have the option of several courses, other than the course of bearing a uniform burden and receiving a uniform benefit, through such measures as reducing premiums by half and, in return, halving the amounts of pensions to receive.

And concerning the supplementary payments, when a man in arrears with payments regrets his delinquency and intends to clear off past amounts in arrears, he can pay only a two-year arrearage under the present procedures. In the National Pension Plan, one can receive the full amount after 40 years of enrollment, and those who were born after 2 April 1930 cannot receive even a penny unless they have been enrolled for at least 25 years. Therefore, the underlining logic is that if the term to be covered by supplementary payments is extended further, it will induce some people to pay amounts in arrears to secure the minimum enrollment term.

Taxes or Premiums?

As the graph on page 73 [not translated] indicates, the National Pension nonpayment rate has gradually been falling, but it remains stationary these days at the 14 percent level. This may be said to show the limits of the measures taken by the Health and Welfare Ministry to cope with those who have not yet enrolled or made premium payments.

In order to lower the nonpayment rate further, there is no choice but to collect amounts in arrears by taxes, not by premiums, ultimately. Mr. Kiyoshi Murakami, a critic on pensions, says: "It is unnatural in itself to manage the basic pension system with a premium formula. A taxation formula should be followed to set up the source of revenue."

Most of the countries adopting the basic pension system are following the taxation formula.

In Japan, one-third of the cost for the National Pension (basic pension) benefits is borne by the National Treasury and covered by taxes, etc. in the general account. In the institutional amendment last year, discussions were conducted as to raising the rate of the amounts to be borne by the National Treasury, but the conclusion was passed up for a further debate through 1999.

In case of a hike in the rate of the amounts to be borne by the National Treasury, its effects on the part of those carrying the tax burden vary, depending on what tax item is chosen as the source of revenue. The present National Pension premiums are uniform without regard to incomes, and so the burden becomes heavier for those in the lower income bracket. When the income tax is chosen as the source of revenue, the burden will correspond to the income. When the consumption tax is chosen, the heaviness of the burden will be intermediate between the heaviness under the income tax formula and one under the premium formula. However, the income tax formula is not fair because the income taxation carries the income-detection rate differentials.

The All Japan Prefectural and Municipal Workers' Union, a trade union of local autonomous bodies, is demanding that the rate of amounts to be borne by the National Treasury be raised through the use of the consumption tax as the source of revenue. A source (a leading Labor Bureau member) says: "If the consumption tax is chosen, it will be fair, and the burden will correspond to the income to some degree."

Takashi Asaha, a researcher at the Fuji Research Institute, says in his proposal that "when the inheritance tax is chosen as the source of revenue, the burden will primarily be borne by the wealthy classes, thereby reducing the burden of salaried workers, compared with the time when the premium formula is used."

The Health and Welfare Ministry and the Finance Ministry are not quite interested in raising the rate of amounts to be borne by the National Treasury at the bottom of their hearts. However, in the face of the aging society, the discontent and apprehension regarding pensions will not be removed unless drastic measures, including measures related to the burden to be borne by the National Treasury, are taken against failures to enroll and pay contributions.

Table 1. National Pensions' Premium Payments Vary Widely (Unit: %)

	Exemption Rate		Verification Rate	
Cities, Prefectures	End of FY93	End of FY92	End of FY93	End of FY92
Whole Country	15.7	14.7	85.5	85.7
Hokkaido	23.7	22.3	85.2	85.7
Aomori	21.5	19.2	83.6	83.3
Iwate	18.6	17.7	89.5	90.1
Miyagi	17.3	15.5	86.6	87.4
Akita	21.2	21.0	92.0	92.6
Yamagata	16.2	14.9	93.7	93.5
Fukushima	16.0	14.7	85.4	85.7
Ibaragi	11.5	10.3	84.0	84.6
Tochigi	13.5	11.8	83.6	83.8
Gunma	13.0	11.6	88.0	88.0
Saitama	11.0	11.0	83.7	85.2
Chiba	11.3	9.9	83.5	83.4
Tokyo	8.6	7.6	78.6	78.6
Kanagawa	6.3	5.8	80.7	81.2
Niigata	16.2	15.4	94.9	95.2
Toyama	14.0	13.3	91.5	91.2
Ishikawa	12.5	11.8	89.8	90.5
Fukui	11.8	11.3	89.1	90.5
Yamanashi	17.0	15.1	90.0	90.6
Nagano	13.3	12.6	90.8	91.8
Gifu	14.3	12.7	91.2	90.8
Shizuoka	15.3	14.5	88.5	89.6
Aichi	13.8	13.2	86.3	87.3
Mie	15.8	14.6	88.2	88.5
Shiga	18.0	17.1	93.2	93.2
Kyoto	20.6	19.3	86.2	86.6
Osaka	14.4	13.4	81.5	80.7
Hyogo	17.9	16.6	88.9	88.8
Nara	19.8	18.5	85.5	85.1
Wakayama	18.3	18.7	85.3	86.2
Tottori	18.5	17.3	92.7	92.0
Shimane	16.6	15.3	91.4	91.1
Okayama	21.0	20.5	88.6	89.1
Hiroshima	17.7	16.6	84.3	85.5
Yamaguchi	21.8	21.7	90.7	91.8
Tokushima	19.5	18.9	85.9	85.5
Kagawa	19.1	18.2	90.2	90.7
Ehime	20.0	19.5	88.4	88.3
Kochi	22.1	20.9	85.7	85.0
Fukuoka	25.6	24.5	88.7	88.2
Saga	16.2	14.1	88.9	87.8
Nagasaki	24.9	23.5	88.1	87.6
Kumamoto	20.5	19.6	90.9	91.1
Oita	24.2	21.8	89.0	87.9
Miyazaki	24.1	22.0	87.7	87.9
Kagoshima	26.0	24.0	88.6	87.5
Okinawa	38.0	34.8	75.3	70.8

1. The exemption rate is a ratio of those exempted from premium payments due to low incomes, etc., to all insured persons. 2. The verification rate is the number of months in which premium payments are made by all insured persons divided by the number of months in which premium payments should be made by the total insured persons x 100

Table 2. Rapidly Rising Number of National Pension (Basic Pension) Recipients (Units: 10,000 persons; %)

Fiscal Year	Number of Insured				>Number of Recipients			Degree of Maturity (B)/(A)
	Total (A)	Class 1	Class 2	Class 3	Old-Age (B)	Disabled	Survivors	
1995	7,115	1,880	3,960	1,275	1,672	129	21	23.5
1996	7,144	1,878	3,987	1,279	1,753	131	20	24.5
1997	7,157	1,870	4,005	1,282	1,836	132	20	25.7
1998	7,170	1,870	4,015	1,286	1,926	134	19	26.9
1999	7,185	1,871	4,023	1,291	2,005	135	19	27.9
2000	7,186	1,861	4,030	1,295	2,089	136	19	29.1
2001	7,161	1,833	4,031	1,298	2,187	137	19	30.5
2002	7,126	1,806	4,021	1,299	2,283	138	19	32.0
2003	7,096	1,791	4,007	1,299	2,365	139	18	33.3
2004	7,070	1,779	3,993	1,299	2,446	140	18	34.6
2005	7,052	1,774	3,978	1,300	2,534	140	18	35.9
2010	6,695	1,593	3,842	1,259	2,919	142	19	43.6
2015	6,418	1,501	3,689	1,229	3,253	142	19	50.7
2020	6,310	1,486	3,620	1,205	3,356	141	20	53.2
2025	6,277	1,486	3,608	1,184	3,334	141	20	53.1

1. The "number of recipients" includes those who receive "benefits" which are regarded as "equivalent to basic pensions." 2. Class-1 insured persons are self-employed workers, etc.; Class-2, salaried workers and public servants; and Class- 3, salaried workers' wives, etc. 3. This is an estimate based on reassessment of fiscal 1994 finances.

[Box, p. 74]

Simultaneous Collection of Pension and Health Insurance Premiums Desirable

Hitotsubashi University Professor Noriyuki Takayama

In order to heighten the collection rate for the National Pension premium, it would be best that city, town, and village offices collect it simultaneously with the National Health Insurance premium. At small city, town, and village offices, both premiums are handled at the same window in many cases, but papers such as notification forms are mutually different. If the papers are unified and a single form is used, the two premiums can be paid together, and this will considerably improve the collection rate.

Some have the opinion that in the National Pension Plan, collection omissions will be eliminated if we raise the rate of the burdens to be borne by the National Treasury and impose taxes instead of premiums. However, this will scarcely bring any change to salaried workers' burdens because, despite a fall in premiums, the burden of taxes such as the consumption tax, will increase. This is not the kind of issue on which we can draw a conclusion easily, and we need to give careful study to it.

Some view that the burdens on salaried workers increase at this point of time in proportion to the number of those who have not paid the National Pension premiums. However, those who have failed to pay premiums will not be able to receive pensions, and so it may be said that the burdens on salaried workers are rather decreasing from a long-term viewpoint. Defaulting in the National Pension Plan is not an issue to be discussed from the angle of short-term gains or losses, and we should think of raising the collection rate in real earnest. [end box]

Panel Sees Deficit Bonds Issuance Inevitable

OW1005115295 Tokyo KYODO in English 1132 GMT 10 May 95

[FBIS Transcribed Text] Tokyo, May 10 KYODO — An advisory body to the finance minister acknowledged as inevitable Wednesday [10 May] the issuance of deficit-covering bonds in a supplementary budget for fiscal 1995.

The budget is meant to finance the reconstruction of quake-hit areas and combat the yen's rapid appreciation.

Shoichiro Toyoda, chairman of the Fiscal System Council, said at a news conference that deficit-financing bonds are "unavoidable as a special and emergency step, though regrettable," considering current economic conditions, in particular the uncertainty caused by recent rapid foreign exchange movements.

Toyoda, who also serves as chairman of the Federation of Economic Organizations (Keidanren), said it is advisable not to discuss any tax hike at a time when the nation is engaged in earthquake-related reconstruction efforts.

In order not to further increase the balance of outstanding public bonds, Toyoda called for expediting various measures to bring about a prompt economic recovery.

"Seeking natural increases in tax revenues by economic recovery is the most orthodox way," Toyoda said.

Toyoda also urged front-loading and effective use of the initial fiscal 1995 budget as well as the extra budget.

Murayama: 'No Intention To Resign'

OW1105045995 Tokyo KYODO in English 0441 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Prime Minister Tomiichi Murayama on Thursday [11 May] dismissed speculation he is thinking about when to resign due to his limited ability as the nation's chief executive.

"I have no intention to resign at all, because this is the time for the entire cabinet to live up to the expectations of the people," the premier told reporters at his official residence.

"Our cabinet is trying hard to help wipe away social unrest," he said. "Plus we are facing economic problems, too, and a political vacuum should not be created at a time like this."

Murayama's outright denial of his intention to quit came in response to a report in the YOMIURI SHIMBUN earlier in the day that he is considering when to give up the premiership because of his limited ability as head of government from a minority party.

If Murayama decides to resign as head of the 10-month-old cabinet, many members of the three-way coalition believe he may do so shortly after a House of Councillors election scheduled for July, the YOMIURI said, quoting his aides and leaders of the ruling coalition.

Yoshiro Mori, secretary general of the dominant coalition partner Liberal Democratic Party (LDP), hinted Wednesday in a speech in Tokyo that Murayama is leaning toward resignation.

"A cabinet led by the head of a party that is not the largest one (in a coalition) is inevitably a temporary administration, causing limitations to its work as a natural corollary," Mori quoted Murayama as saying.

Another national daily, the MAINICHI SHIMBUN, also reported that Murayama has voiced the "limitations" of his government.

Murayama's Social Democratic Party (SDP) holds only 69 seats in the 511-member House of Representatives compared with 208 for the LDP and 21 for New Party Sakigake, an LDP splinter group and coalition partner.

Murayama, 71, became Japan's first socialist prime minister in nearly half a century last June by forging an alliance with its Cold War archrival LDP.

He is thinking about the timing of his resignation because his cabinet has resolved most pending issues carried over from the preceding government, including a plan to raise consumption tax, the daily said.

"I will do my utmost to open a bright vista," Murayama said. "While acknowledging the limitations from the beginning, I must continue to make efforts."

Chief Cabinet Secretary Kozo Igarashi told a news conference the heads of the three coalition parties have agreed recently that the entire cabinet should strive further to tackle challenges both at home and abroad.

"Our stance has not changed at all," said Igarashi, the top government spokesman.

He also said he cannot comprehend why Mori made such a remark, noting Murayama's true intention should be correctly conveyed to the public.

NFP Head Considering No-Confidence Motion

OW1105060895 Tokyo KYODO in English 0537 GMT 11 May 95

[FBIS Transcribed Text] Tokyo, May 11 KYODO — The chief of Japan's main opposition Shinshinto (New Frontier Party [NFP]) said Thursday [11 May] he will consider submitting a no-confidence motion against Prime Minister Tomiichi Murayama's cabinet.

"I feel the Murayama cabinet is worth being faced with a no-confidence motion. It's the opposition's undoubted right to submit such a motion, so I'll consider it in a positive light," Shinshinto chief Toshiki Kaifu said.

Kaifu made the remark after he received a report from a group of younger Shinshinto lawmakers calling on Kaifu to seek a no-confidence motion against Murayama.

At a meeting of Shinshinto leaders earlier in the day, Kaifu said that a good excuse must be found to present a no-confidence motion against Murayama, party officials said.

Shinshinto Secretary General Ichiro Ozawa told the meeting that Murayama may step down at an early date given that the No. 2 man in the Liberal Democratic Party (LDP), the largest among the three parties making up Murayama's coalition, alluded to a possible snap election after the July House of Councillors election, they said.

LDP Secretary General Yoshiro Mori said Wednesday that the results of the upper house election could determine when the next general election will be called.

LDP Members Criticize Party Leadership

OW1105041795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 May 95 Morning Edition p 2

[FBIS Translated Text] At several Liberal Democratic Party [LDP] meetings on 9 May, including a meeting of the General Council, criticisms were voiced against President Yohei Kono (deputy prime minister and foreign minister) and the party leadership.

This was in reaction to Kono's agreement to the early passage of the "Diet Resolution on the 50th Anniversary of the End of the War" at a meeting of the heads of the three coalition parties on 8 May, and to a remark made by Secretary General Yoshiro Mori at a meeting with Prime Minister Tomiichi Murayama on 7 May that, regardless of the results of the next general election, the LDP will continue to support the Murayama administration.

Behind such reaction is the discontent in the LDP with the party's failure to assert its independent identity under the Social Democratic Party of Japan [SDPJ]-led government — as well as ambitions of the "anti-Kono forces" such as the former Obuchi faction — in anticipation of the party presidential election in autumn. Kono is expected to face the dilemma of balancing between maintaining the administration and intraparty harmony, and experience hardships in the management of party affairs.

At a meeting of the Prime Minister's Office Division [under the LDP Policy Research Council] on the morning of 9 May, protests were voiced against the fact that Kono agreed at the 8 May party heads' meeting to pass the "50th Anniversary Resolution" before the end of the present Diet session, and even discussed concrete contents of the resolution, such as "remorse over past aggressive acts and colonial policies." Participants in the meeting said, "It is outrageous for the president to impose his views from the top on something that has not been discussed in the party."

On the other hand, at the General Council meeting on 9 May, LDP members reproached Mori, who told Murayama that even if the LDP wins a majority of Diet seats at the next general election, the present coalition framework will be maintained. Former Transport Minister Takami Eto said, "It would be pathetic for us to still have a Murayama administration even if the SDPJ is defeated in the elections."

North Korea

Foreign Ministry Spokesman on U.S. Talks

SK1105101995 Pyongyang KCNA in English 1012 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea in an interview with KCNA today said talks will be held between the DPRK and the United States.

He told KCNA:

As is known, right after the breakdown of the working-level negotiation in Berlin on the provision of light water reactors, the U.S. side proposed political talks with the DPRK and has since expressed its hope several times that the talks will be held as soon as possible and the problem be discussed.

Taking into account this position of the U.S. side, we have decided to respond to the talks.

The venue and date of the talks are under discussion between the two sides.

At the future talks, we will finally ascertain the will of the U.S. side concerning the implementation of the framework agreement between the two countries.

As we have declared more than once, there is no change in our position toward the reactor model issue.

I think the result of the talks depends on what attitude the U.S. side takes at the talks.

We will temporarily maintain the nuclear freeze till the end of the talks.

'Enemy' Fighters Infiltrate Airspace

SK1105125195 Pyongyang Korean Central Broadcasting Network in Korean 1214 GMT 11 May 95

[FBIS Translated Text] The enemy committed a grave military provocation by illegally infiltrating fighters into the air above areas in our side.

The enemy today committed a grave military provocation by infiltrating fighters into the airspace above our side's area in the estuary of the Han River.

At around 1030 [0130 GMT] today, the enemy illegally infiltrated fighters into the air above the estuary of the Han River in front of Sinhung-ri, Panmun County, from the direction of Kimpo, with the purpose of perpetrating a hostile act.

This is a premeditated and preplanned provocation maneuver of the enemy to drive the situation on the Korean peninsula into the dangerous situation.

We cannot but take such military provocation more seriously, because they are committed to coincide with the frantic northward aggressive joint military exercise recently staged by the U.S. imperialist warmongers and South Korean puppets.

If the U.S. imperialist warmongers and South Korean puppets, going counter to the trend of the time, continuously advance along the road of confrontation and war, the rascals will be held totally responsible for all consequences resulting from this.

News Analyst Warns U.S. Not To Deploy Arms

SK1105052195 Pyongyang KCNA in English 0451 GMT 11 May 95

["Product of Unchanged Policy of 'Strength'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The United States decided to start the deployment of heavy military equipment for one brigade in South Korea on May 15, crying that it is an advanced deployment for coping with the "case of emergency" on the Korean peninsula.

Branding this as a wanton violation of the framework agreement reached between the Democratic People's Republic of Korea and the United States, a news analyst of NODONG SINMUN today says:

This decision shows that the United States is resorting to the policy of "strength", an offspring of the cold war, in a bid to stifle the DPRK.

We cannot but take a serious view of the fact that the United States is hell-bent on the arms buildup in South Korea at a time when it has brought the DPRK-U.S. negotiations on the provision of light-water reactors to a deadlock and has staged dangerous military exercises with the South Korean puppets.

Even after inking the DPRK-U.S. framework agreement, the United States has continued with the arms buildup and war games against the DPRK. Last year, it deployed offensive helicopters Apache and Patriot missiles in the U.S. Forces present in South Korea. Entering this year, it plans to ship as many as 150 Abrams tanks and 24 Apache offensive helicopters into South Korea, having deployed multi-purpose high-speed vehicles and other military hardware there.

The Korean people will deliver a telling blow to those who violate their sovereignty and security.

The analyst warns the United States to act with discretion.

U.S., ROK Air Exercise 8-9 May Criticized

SK1105054195 Pyongyang KCNA in English 0421 GMT 11 May 95

["Provocations To Aggravate Situation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The bellicose U.S. imperialists mobilized overseas-based KC-135s to refuel some 40 fighter-bombers and assault planes of the U.S. Seventh Air Force in a nocturnal air war exercise against the DPRK in the skies above the western sector of the front on May 8, military sources said.

On May 9, the South Korean puppets dispatched seven military vehicles toward the Military Demarcation Line, and heavy tanks and 105 mm and 155 mm artillery groups fired 240 shells at areas adjacent to the Demilitarized Zone south of the central sector of the front.

These are premeditated provocations aimed at driving the situation on the Korean peninsula to a critical phase of confrontation.

ROK Defense Minister's 9 May Remarks Decried

SK1105051795 Pyongyang KCNA in English 0447 GMT 11 May 95

["War Frenzy of South Korean Puppets" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — Yi Yang-ho, puppet minister of National Defense of South Korea, inspecting the major "commands" of the puppet army on May 9, blared that a "tense phase has been created" on the Korean peninsula and gave special "instructions" to "make combat capacity more perfect," according to a radio report from Seoul.

His bellicose "instructions," synchronizing with the start of the U.S.-South Korea joint military exercise against the Democratic People's Republic of Korea on May 8, is an unpardonable grave military provocation which may lead to an irretrievable situation between the North and the South.

He went the length of saying as if the "tense phase has been created" by the North on the Korean peninsula. This is a shameless utterance like a thief crying "Stop thief!" In actuality, the acute military confrontation on the Korean peninsula is attributable to the puppets' provocative military exercises against the North.

The high-pitched adventurous military movement of the puppets is an expression of a heinous intention to check the DPRK-U.S. negotiations and aggravate the North-South confrontation to realize a wild ambition for "unification by prevailing over communism" by force of arms.

The Kim Yong-sam group is making a foolish attempt to bridge over the crisis of the "government" by coiling up the situation of the Korean peninsula through the unprecedented war moves, but this is no more than last-ditch efforts of those who are doomed to ruin.

The South Korean bellicose elements getting hot to plunge the nation into disasters will face only destruction.

Those who like to play with fire are bound to be burned to death.

Commentary Assails Remarks

SK1105070695 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 10 May 95

[Commentary by Yun Pyong-son: "Crazy Rascals' War Commotions"]

[FBIS Translated Text] The South Korean puppets are running wild recklessly, having gone crazy about maneuvering to provoke a war of northward invasion, and have even lost their reason.

The puppet defense minister recently prowled about the puppet 2d Army headquarters, the puppet South Korean Military Academy, and a puppet Air Force unit. On these occasions, he groundlessly found fault with us and called for maintaining combat readiness or deterring someone else's provocations. A few days before, the rascal prowled about other puppet military units and incited war fever there. This is a rash act that can only be committed by the puppet Kim Yong-sam ring, who is restless with war fever.

While stating that we heightened military tensions, Yi Yang-ho talked as though we were responsible for the aggravated tensions on the Korean peninsula. This is a shameless act just like an act of a thief turning on the victim with a club.

It is the South Korean puppets who are committing grave military provocations daily and aggravating tensions by concentrating massive forces of aggression along the Military Demarcation Line. It is the treacherous Kim Yong-sam group that threatens us by conducting large-scale war exercises in collusion with outside forces.

Large-scale joint military exercises that the puppets have started with outside forces to harm their fellow countrymen are being staged recklessly on land and sea and in the air of South Korea even at this moment. Moreover, it has recently been revealed that the puppets brought in 200-odd missiles and missile launchers from the United States last year. All these facts graphically show that it is the South Korean puppets who aggravate tensions on the Korean peninsula and bring in the danger of war.

Nevertheless, the Kim Yong-sam ring finds fault with us, while stating that someone else seeks provocations or creates tensions. This surely means the Kim Yong-sam ring is restless with war fever. Otherwise, how can it find fault with someone else, even while perpetrating war commotions?

Creating tensions or seeking provocations about which the puppets are raving is a mean scheme to justify their endless criminal war maneuvers against their fellow countrymen, and calling for maintaining combat readiness or deterring someone else's provocations is, virtually, an instruction to prepare for a war of northward aggression.

Then why does the military brass hat prowl about puppet military units almost daily and incite war fever? He does so to accelerate war preparations, ignite the fuse to a war of northward aggression, expand it into a full-scale war, and thus fulfill the ambition to achieve reunification by defeating communism. The Kim Yong-sam ring also seeks to escape from the serious crisis facing it.

As everyone knows, the puppet regime, which calls itself civilian, is facing the worst crisis ever since it took power. Because of the traitorous Kim Yong-sam clique's treacherous maneuvers, South Korea has been more thoroughly subjugated to the imperialists in political, economical, cultural, and all other fields; catastrophe and chaos have worsened; and the people are moaning in extreme distress.

In particular, due to the Taegu gas explosion, the people's complaints and anger about the puppet clique have reached the sky, and voices have been loudly raised across South Korea to demand that the Kim Yong-sam regime be overthrown. Led to such a dead end, the South Korean puppets are trying to find a way out in inciting North-South confrontation and aggravating tensions. The Kim Yong-sam ring, facing the people's strong resistance at home and being reduced to an orphan abroad, seeks to unhesitatingly embark on military adventures, such as provoking a war of northward aggression, to maintain its power by escaping from the crisis facing its rule.

However, this is a rash act by the crazy bastards. A mad dog is certain to get clubbed. The Kim Yong-sam ring must clearly realize that if it goes crazy with war commotions and runs wild recklessly, it will be beaten by the club of justice so that its chest bones are broken. The puppets had better cool their restlessness and war fever and act with discretion.

Seoul Radio Cited on U.S.-ROK Air Exercise

SK1105053795 Pyongyang KCNA in English 0459 GMT 11 May 95

["Escalating Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The United States and the South Korean puppets recently staged the joint air manoeuvres codenamed RSONI as they did last year, a Seoul-based radio said on May 9.

The manoeuvres began with the first round of the joint drill of the puppet Air Force and Six A-10s which flew from Alaska-based U.S. Combat Flying Corps 355 to the Chongju Airbase in South Korea.

The U.S. imperialists and the South Korean puppets conducted the manoeuvres while spoiling on purpose the atmosphere created for the implementation of the DPRK-U.S. framework agreement; the war gamble is an adventurous challenge aimed at bringing the situation on the Korean peninsula to an extremely dangerous phase of confrontation.

In another development, on the 7th and 8th of May, the South Korean puppets brought 90 mm recoilless guns, 12.7 mm machine guns and puppet troops armed to the teeth into the Demilitarized Zone in the western, central and eastern sectors of the front and gravely threatened the safety of civil policemen of the DPRK side.

Denmark Friendship Society Bulletin Cited

SK1105112595 Pyongyang KCNA in English 1009 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The Denmark-DPRK Friendship Association recently issued a bulletin.

Under the headline "Independent Socialist Korea" the bulletin informed the readers of the principled position of the DPRK toward the issue of light water reactors to be provided to it under the framework agreement between the DPRK and the United States. It is up to Korea to choose what type of light water reactors, said the bulletin.

Under the title "Proposal for Establishment of New Peace Mechanism" the bulletin said the United States has violated the Korean Armistice Agreement and paralysed the armistice watch body. The bulletin mentioned the urgency of establishment of a new peace mechanism and the proposal for DPRK-U.S. talks on it.

Student Demonstration in Seoul Reported

SK1105045895 Pyongyang KCNA in English 0432 GMT 11 May 95

["South Korea; 'Anti-Government' Demo" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — About 250 students affiliated with the South Korean Federation of General Student Councils staged demonstrations in front of the puppet government building, the U.S. Embassy, the Sejong Cultural House and other places for two hours on Wednesday.

The demonstrators strongly urged the puppet clique to file a suit against the prime movers of the May 18 Kwangju massacre, trace the origin of the Taegu gas explosion and punish those involved.

Before staging demonstrations, the students met at Hanyang University at which they published a statement and decided to gather around the "Chongwadae" and lodge a protest with it, it was reported.

The fascist clique walked away [from] 50 odd students while forcibly dispersing the demonstrators.

ROK Opposition Rally on Taegu Explosion Cited

SK1005065895 Pyongyang KCNA in English 0438 GMT 10 May 95

["Gas Explosion Accident Protested in S. Korea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — 70 "National Assemblymen" from the opposition Democratic Party of South Korea and 50 other politicians of the party on May 9 held a rally in Seoul as regards the Taegu gas explosion and denounced the ferocity of the "government," according to a report from Seoul.

At the end of the rally, the politicians, wearing shoulder bands bearing letters condemning the Kim Yong-sam group for turning down the demand of the opposition party side for "National Assembly" investigation into the gas explosion accident, went over to a demonstration, carrying slogan boards criticizing the government's incompetency in dealing with the accident. Some 300 riot policemen blocked the demonstrators, but they continued marching, shouting "don't avoid National Assembly investigation."

Daily Assails ROK on Labor Issues

SK1105050295 Pyongyang KCNA in English 0436 GMT 11 May 95

["Fascist Outrage for Stamping Out Labor Movement" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The Kim Yong-sam fascist clique's sweeping roundup of leading members of dissident labor movement organizations is another premeditated fascist outrage aimed at stamping out the ever-growing labor movement, says NODONG SINMUN in a commentary today.

The analyst says:

Natural is the wage hike struggle of the South Korean labor movement organizations. It can never be a target of harsh suppression.

There is an indication that the organizations will link their struggle for wage hike with the forthcoming "local autonomy elections." This is also righteous activities for trade unions taking part in politics, which must not be criminalized.

Nevertheless, the Kim Yong-sam group is intensifying the suppression of dissidents of the labor movement, calling the righteous activities of trade unions "illegal." This clearly shows that the group is the archenemy with whom the South Korean people cannot live under the same sky.

The fascist clique's intensified suppression of the dissident labor movement is motivated by an intention to put down the spring struggle of trade unions for wage hike in the bud so that their struggle cannot develop as a massive solidarity struggle for having the "candidates of the Democratic Liberal Party" defeated in the "local autonomy elections."

If the Kim Yong-sam [group] does not want to get a heavy blow by the angry workers, it must act with discretion and stop the roundup of dissident figures of the labor movement at once.

Kim Yong-sam Accused of Religious 'Persecution'

SK1105060195 Pyongyang KCNA in English 0442 GMT 11 May 95

["Kim Yong-sam Group's Persecution of Believers Condemned" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The Central Guidance Committee of the Korean Chondoist Association issued a statement on May 10 denouncing the Kim Yong-sam group for trying to punish An Ho-sang, leader of Taejonggyo, and Kim Son-chok, chairman of the National Council for Reunification and Restoration, of South Korea who visited the Tomb of King Tangun, the ancestor of the Korean nation, in Pyongyang, by invoking "law on North-South exchange and cooperation," a variety of the "National Security Law".

The statement says:

An Ho-sang is a faithful religionist who has worshipped Tangun for nearly a century. Far from helping him visit the tomb of the ancestor of the nation at an advanced age, the Kim Yong-sam group tries to "incriminate" and persecute him, ignoring the elementary ethics and etiquette of the nation. Such anti-national, anti-ethical act can be done only by the Kim Yong-sam group.

The fact shows once again that with the fascist group of Kim Yong-sam left alone, independence and democracy in South Korean society and peace in the country and its independent and peaceful reunification cannot be realised nor can free religious activities of believers be expected.

The Kim Yong-sam group must lend an ear to the critical voices of the nation and human conscience, immediately stop the persecution of An Ho-sang and Kim Son-chok, ensure freedom of religious belief and free travel and contact of pro-reunification patriots of the North and the South and release all the illegally arrested pro-reunification patriots at once.

If the Kim Yong-sam group punishes the two believers despite our reasonable warning, it will meet the same doom as the preceding fascist dictators did.

The statement expresses the hope that the believers of Taejonggyo and Chondogyo in South Korea will check and frustrate the Kim Yong-sam group's fascist persecution of An Ho-sang and Kim Son-chok and take an active part in the struggle for great unity of the whole nation and reunification in the 1990s.

Russian Reception Marks World War II Victory

SK1005065695 Pyongyang KCNA in English 0435 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — Russian Ambassador to Korea Yuri Fadeyev gave a reception at the embassy last evening on the occasion of the 50th anniversary of the victory of the Soviet people in the great patriotic war.

Invited there were chairman of the Supreme People's Assembly Yang Hyong-sop, Minister of Forestry Yi Chun-sok, Vice-Minister of the People's Armed Forces Kim Chong-kak, Vice-Minister of Foreign Affairs Yi In-kyu and other officials concerned.

Foreign diplomatic envoys here were also invited.

Speeches were exchanged at the reception.

A party was also given at the Russian Consulate General in Chongjin.

Receptions Honor Visiting Chongnyon Group

Art Performance 9 May

SK1005070295 Pyongyang KCNA in English 0440 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — A reception given by the great leader Comrade Kim Chong-il for a delegation of the General Association of Korean Residents in Japan (Chongnyon) took place at the Mansudae art theatre Tuesday [9 May] evening.

Present there were Kim Yong-sun, Director of the General Bureau of Reception for Overseas Compatriots Kim Su-ik, and officials concerned.

The members of the Chongnyon delegation led by Chong Kwang-su, deputy director general of the Secretariat of the Chongnyon Central Standing Committee, were present.

Speeches were made at the reception.

An art performance was given there.

Officials Fete Group 10 May

SK1105054995 Pyongyang KCNA in English 0428 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The Administration Council of the Democratic People's Republic of Korea gave a reception on Wednesday [10 May] for an economic joint venture delegation of the General Association of Korean Residents in Japan (Chongnyon) on a visit to the socialist homeland.

Invited there were the members of the delegation led by Choe Pyong-cho, vice-chairman of the Chongnyon Central Standing Committee.

Present there were Hong Song-nam, vice-premier, Kim Chong-u, vice-chairman of the State External Economic Affairs Commission, Paek Pong-man, vice-minister of public security, No Tu-chol, vice-chairman of the State Planning Commission, Kim Wan-su, vice-minister of finance, and other officials concerned.

Speeches were made at the reception.

Cuban Young Communist League Delegation Arrives

SK1005213395 Pyongyang KCNA in English 1515 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — A delegation of the Cuban Young Communist League [CYCL] headed by Victoria Velazquez Lopez, first secretary of the National Committee of the CYCL, arrived in Pyongyang today.

The delegation was greeted at the airport by Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, and Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

Nepal, Cuba Delegations See Kim Il-song Statue

SK1105055195 Pyongyang KCNA in English 0429 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — Narayan Prasad Bhattarai, secretary of the office of the Nepalese prime minister, and his party and a delegation of the Cuban Young Communist League led by Victoria Velazquez Lopez, first secretary of its national committee, on a visit to Korea called at the statue of the great leader President Kim Il-song on Mansu Hill on Wednesday and expressed great reverence for him.

The guests laid bouquets before the statue of President Kim Il-song and made a bow.

Daily Decries 'Multi-Party Democracy'

SK1005213195 Pyongyang KCNA in English
1514 GMT 10 May 95

["'Multi-Party Democracy' Cannot Be Allowed in Socialist Society, NODONG SINMUN" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The "multi-party democracy" on the lips of the imperialists and reactionaries is a political mode pertaining to capitalist society and so it can never be allowed in socialist society.

NODONG SINMUN stresses this in a signed article today.

The "multi-party democracy" which the imperialists and reactionaries are describing as a "superior political mode acceptable to any society," has a reactionary influence on the foundations of socialist society, the article says, and continues:

"Multi-party democracy," a political mode reflecting the socio-class relations in capitalist society, is, in fact, a tool to cover up the irreconcilable contradiction in capitalist society and establish the domination of the exploiter classes over the exploited classes. So, the application of such political mode cannot be the embodiment of democracy.

The introduction of the "multi-party democracy," a capitalist political mode, into socialist society, ignoring the essential differences between socialism and capitalism, is a counterrevolutionary act of destroying the popular political structure of socialist society and of reviving the capitalist political structure.

The bourgeois reversionists [as received] have allowed the anti-socialist forces to raise their heads while engaging themselves in a propaganda offensive to advertise the "advantages" of the Western-style multi-party politics and impair the leadership position and prestige of the working-class party. As a consequence, bourgeois multi-party system found its way into the former Soviet Union and other East European countries.

The introduction of capitalist market economy, added to the introduction of the Western-style multi-party system, gave rise to the almighty-dollar principle, individualism and liberalism and all sorts of social evils prevalent in society.

The hard facts of the countries where socialism has suffered setback prove that the introduction of the "multi-party democracy" is a counterrevolutionary criminal act of destroying popular socialist political structure and making political life reactionary and thus inflicting non-rights and poverty upon the working masses.

Swiss Group Publishes Magazine on Korea

SK1005150595 Pyongyang KCNA in English
1501 GMT 10 May 95

[FBIS Transcribed Text] Pyongyang, May 10 (KCNA) — The Swiss Committee for Supporting Korea's Reunification published the April issue of "Information on Korea", a magazine of the organ.

In the preface the magazine says the Korean people show the boundless loyalty to President Kim Il-song, the great leader of the revolution, commemorating his 83rd birth anniversary on April 15.

"The great leader Comrade Kim Il-song will always be with us", a slogan of the Workers' Party of Korea, is greatly inspiring the Korean people to the struggle for the reunification of the divided nation, his behest, [as received] the magazine writes.

It edits articles headlined "The 250-Mile Journey for National Liberation 70 Years Ago", "On February 16 Holiday", "The Armistice Agreement Should Be Replaced With a Peace Agreement", "The U.S. Violates Agreement" and "Abolish the 'National Security Law' in South Korea".

Mauritian President Farewells DPRK Ambassador

SK1005105095 Pyongyang Korean Central Broadcasting Network in Korean
0800 GMT 7 May 95

[FBIS Translated Text] Our country's Ambassador Kim Yong-yong to Mauritius paid a farewell call on President Cassam Uteem on 28 April.

At the meeting, the ambassador conveyed greetings to President Cassam Uteem from the great leader [yongdoja] Comrade Kim Chong-il.

Expressing his deep gratitude for this, the president asked the ambassador to convey his warm greetings to the great leader Comrade Kim Chong-il.

The president wished the great leader Comrade Kim Chong-il a good and long life.

The president pointed out: The great leader his excellency Kim Il-song made great achievements for the people in the Third World. His achievements will remain forever in the hearts of the people.

He stressed: The great leader his excellency Kim Chong-il is wisely leading the Korean people's struggle for the prosperity and development of the country and for the fatherland's reunification. I extend my support to the Korean people's struggle for the country's reunification.

Kim Chong-il Applauds People-Army Unity

SK1105054495 Pyongyang KCNA in English 0423 GMT 11 May 95

[FBIS Transcribed Text] Pyongyang, May 11 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to several units including the General Bureau of Publication, the Pyongyang Bureau of Railways, the Kim Chong-suk Nursery and the Kim Man-yu Hospital for the examples they set in aiding the People's Army.

His thanks were also sent to the soldiers of the Kim Kyong-sik's unit of the Korean People's Army for their sincere assistance to a coal mine and to the agricultural working people of the Kochang co-op farm, Chollima District, Nampo municipality for their example in increasing animal products in response to the livestock policy of the Workers' Party of Korea.

Mass Rallies Held To Implement WPK Slogans

SK1105080895

[FBIS Editorial Report] The following is a compilation of reports carried by Pyongyang Korean Central Broadcasting Network in Korean on rallies held in various provinces and cities of North Korea to implement the Workers Party of Korea, WPK, Central Committee's slogans published on the occasion of the 50th anniversary of the party's founding.

At 2100 GMT on 7 May, the radio carries a 2 minute-report on the rallies of South Pyongan Province and South Hwanghae Province held on 7 May in Pyongsong City and Haeju City, respectively.

The report states that "the mass rallies were attended by responsible functionaries from local party, government, and administrative and economic organs; responsible functionaries from local public organizations; heroes; unheralded meritorious people; labor innovators; party members; and workers." The announcer reports that — following a report at the South Pyongan Province mass rally by "Comrade So Yun-sok, member of the Political Bureau of the WPK Central Committee, responsible secretary of the South Pyongan Provincial WPK Committee, and chairman of the South Pyongan Provincial People's Committee — Kim Tong-yong, vice chairman of the Provincial Administrative and Economic Committee, Hyon Yo-chin, manager of the Sunchon District coal mine complex, Yi Chun-kon, manager of the state-run Yoltusamchon farm, and Yi Kuk-sop, responsible secretary of Pyongsong City WPK Committee and chairman of Pyongsong City People's Committee, joined the discussions."

The announcer also reports that at the South Hwanghae Province mass rally, following a report by "Paek Pom-su, responsible secretary of the South Hwanghae Provincial WPK Committee and chairman of the South Hwanghae Provincial People's Committee, Choe Hung-chu, chairman of the Provincial Administrative and Economic Committee, Pak Chol-ho, chief of a workshop at Haeju smeltery, and Pae Yun-hwan, chairman of the League of Socialist Working Youth of Haeju City," joined the discussions.

At 0800 GMT on 8 May, the radio carries a 13-minute recorded report on the South Pyongan Province mass rally held in Pyongsong City on 7 May. This is a longer version of the report on the rally broadcast at 2100 GMT on 7 May.

The radio carries a 4-minute recorded report at the rally by "Comrade So Yun-sok, member of the Political Bureau of the WPK Central Committee and chairman of the South Pyongan Provincial People's committee," followed by announcer-read gists of speeches by those who participated in the discussions.

At 2100 GMT on 9 May, the radio carries a two-minute report on the North Hwanghae Province mass rally and the Kaesong City mass rally held in Sariwon City and Kaesong City, respectively, on 9 May.

The announcer reports that "at the North Hwanghae Province mass rally, Choe Mun-son, responsible secretary of the North Hwanghae Provincial WPK Committee and chairman of the North Hwanghae Provincial People's Committee, made a report." The radio then cites the names of those who participated in discussions at the rally.

The radio also reports that "at the Kaesong City mass rally, Yim Su-man, responsible secretary of the Kaesong City WPK Committee and chairman of the Kaesong City People's Committee," made a report. The radio then cites the names of those who participated in discussions at the rally. The radio says that the mass rallies adopted a resolution.

At 2200 GMT on 10 May, the radio carries a one-minute report on the South Hamgyong Province mass rally and the Kangwon Province mass rally held in Hamhung and Wonsan, respectively, on 10 May.

The announcer says that "Hyon Chol-kyu, responsible secretary of the South Hamgyong Provincial WPK Committee and chairman of the South Hamgyong Provincial People's Committee, made a report at the South Hamgyong Province mass rally." The radio then cites the names of those who participated in discussions at the rally.

The announcer also says that "Yim Hyong-ku, responsible secretary of the Kangwon Provincial WPK Committee and chairman of the Kangwon Provincial People's Committee," made a report. The announcer then cites the names of those who participated in discussions at the rally. The announcer says the mass rallies adopted a resolution.

Editorial Urges Action as 'Leader's Warriors'

952C0099A Pyongyang NODONG SINMUN in Korean 9 Jan 95 p 1

[Editorial: "Let Us Work Dynamically Like the Great Leader's Warriors That We Are"]

[FBIS Translated Text] Our party and people are accelerating the march of the new year, 1995, with lofty aspirations and fully confident of our victory.

Nineteen ninety-five is a year filled with hopes; it will adorn the annals of the great cause of chuche with brilliant feats and victories. Rising from among our party members and working people who have set out on the first leg of their march for this historic year are the voices of their resolve to march ahead dynamically like the great leader's warriors that they are, to make their country, their fatherland, richer and stronger. This vividly demonstrates the formidable unity and invincible might of our revolutionary ranks, in which the helmsman and the people are united in one mind and one will, adding infinite luster to the lofty will and immortal revolutionary achievements of the great leader Comrade Kim Il-song.

That all people work dynamically in one mind and one will to make their country, their fatherland, richer and stronger in a manner worthy of the great leader's warriors and disciples—this is the immutable resolution and will of the great helmsman Comrade Kim Chong-il.

The great helmsman Comrade Kim Chong-il pointed out as follows:

"We must forever hold the great leader aloft generation after generation and down through our posterity, regardless of time. And we must continue to do everything exactly the way the leader did."

The respected and beloved Comrade Kim Chong-il is a great helmsman devoting everything in his power to advancing and completing the revolutionary cause charted by the great leader, and to the prosperity of the socialist fatherland founded by the leader. The great helmsman Comrade Kim Chong-il always regards himself as the leader's warrior, professing it his lifelong mission to fulfill the warrior's duty. This position of his is immutable. Today, our great helmsman leads all our functionaries and working people, irrespective of who they are, to acquit themselves fully of their basic responsibility as the leader's warriors; behind this is the very fact that he himself embodies, at the loftiest level, the loyalty to the leader who launched the revolution.

To work dynamically as becomes the great leader's warriors that we are to make our country, our fatherland, richer and stronger—this was a pledge of loyalty our people made—and engraved on their hearts—during the saddest days last year.

Never in the history of our revolution—which always had produced victories and feats under the sagacious leadership of the great leader— has there been a year marked with greater grief. In that year we lost our people's great father who had embraced in his bosom and cared for all our revolutionary warriors and brethren, the great leader who had led our revolution on the highroad of victory.

The firm pledge our people made on the loss of their great leader with whom they were tied in indissoluble, kindred bonds was that they would remain forever loyal to the leader as his warriors and glorify his revolutionary achievements infinitely. Our people are not the kind of people who would forget about the profound love and trust they received from the leader just because the leader has died, or who would depart from the road of the revolution charted by the leader. Our people, in their march for the new year, has renewed their resolution and pledge to unite around the great helmsman a hundred and a thousand times more solidly, and to push ahead for further glory to their country, their fatherland, as the leader had taught them to do. With that pledge of loyalty, our people will press ahead, registering new victories and feats.

Let us work dynamically in one mind and one will as we should as the great leader's warriors to make our country, our fatherland, richer and stronger — this is the slogan that our people, with conviction, should hold high forever. This slogan of undiluted loyalty and piety is vibrant with an intent lofty and profound that our people should take as a motto of life and struggle.

To work like the great leader's warriors that we are means that we forever uphold the fatherly leader aloft as the sun of chuche forever and become retainers truly faithful, and children most devoted to him, and do everything exactly the same way that he did.

The fatherly leader stays with us today, tomorrow, and forever; for our people, he is the great sun of life and the symbol of invincibility. Today, too, he is calling us to the historic march to defend and preserve socialism, his revered name and benevolent image giving our people infinite strength and courage.

The great leader's warrior — this title is permeated with the absolute worship and wholehearted reverence of our people for the leader as their teacher and father forever, regardless of the changing times. It reflects the ethical and moral views of the revolutionaries that they will fulfill the unfulfilled part of their duty to the leader to the last. For our people, it is a title more valuable than all the money in the world, and more precious than any other titles. To keep this noble title firmly engraved on their hearts and to add luster to it — precisely therein lies our true way of life, the way to victory of socialism.

To fight on dynamically to make our country, our fatherland, richer and stronger, means to devote oneself to the cause of adding luster to the socialist fatherland of chuche founded and led by the great leader, as the paradise of the people where their self-reliant and creative life blooms and thrives.

The fatherly leader turned our country—which in the past had been a synonym for poverty and backwardness and even lost its identity on the world map—into a powerful socialist country with its self-dependence, self-support, and self-reliant defense, and into a happy people's paradise. This was his greatest achievement for the fatherland and the nation. The labors he put in, and the endeavors he made body and soul, for the prosperity and development of our fatherland, are immeasurable. Indeed, the fatherly leader is the great founding father of the socialist Korea now shining over the whole world.

It is the basic responsibility and duty befitting to our revolutionary warriors to glorify our country, our fatherland — the fruition of the great leader's ideology and leadership — forever as the socialist fatherland of chuche along with his revered name. Neither an inch of retreat nor the slightest wavering is allowed in this sacred struggle. To struggle with patriotism to make our country, our fatherland, richer and stronger — therein lies the true way to live and fight forever in accordance with the will of the fatherly leader.

Confronting us today is the heavy task to rally closely around the great helmsman Comrade Kim Chong-il and effect a decisive turnaround in the fulfillment of the revolutionary cause of chuche. Holding aloft the slogan of loyalty and piety, which is our faith, we must step up the dynamic march to honor the 50th anniversary of the founding of the Workers Party of Korea in a great festival of victors.

That all the party members and working people push ahead with their staunch fight in a manner worthy of the great leader's warriors, that they are to make their country, their fatherland, richer and stronger — this is a sacred cause to keep adding luster, generation after generation, to the political lives bestowed on them by the leader.

Most precious for the revolutionary warrior is the political life he found in the bosom of the leader. Our people have grown, from generation to generation, as revolutionary warriors under the guiding hand of the great leader. They are true sons and daughters of the leader; they found their precious political lives in the great family of the fatherly leader. Although the fatherly leader is no longer with us, the political lives he bestowed on us are cherished deep in our hearts.

When we continue to work to realize the great leader's ideology and cause as dynamically as we did in the days he was with us, we are, in effect, living in kindred ties with the leader forever. The political lives of our revolutionary warriors will then take on infinite glory on the one road of loyalty, and the whole society will further strengthen and develop as one sociopolitical, living entity.

That we work dynamically like the great leader's warriors that we are to make our country, our fatherland, richer and stronger — this is a proud, honorable struggle to engender new revolutionary upsurges in the full-scale march of our way of socialism.

The fatherly leader, in his lifetime, unfurled brilliant blueprints for giving the superiority of our way of socialism full play in all spheres achieving everlasting prosperity for posterity. The grand blueprints are now being put into realities by the great helmsman Comrade Kim Chong-il.

Awesome, and resplendent indeed are the great plans of Comrade Kim Chong-il to strengthen and develop our fatherland as an invincible fortress of socialism known for its dignity the world over, and as the fatherland of chuche fully embodying the chuche ideology in the ideological, political, economic, cultural, and all other spheres in accordance with the will of the fatherly leader. We must devote ourselves to the struggles to realize these plans as the great leader's warriors worthy of the title. Amid this solemn march of our people to make our fatherland richer and stronger and develop it further, the people's living conditions will make epoch-making improvements and our fatherland will grow stronger politically, ideologically, materially, technologically, and militarily.

Our party members and working people should keep the faith and sense of duty engraved on their hearts that they, as the great leader's warriors, will add luster to that precious title infinitely.

The great helmsman Comrade Kim Chong-il pointed out as follows:

"Our party was founded and fostered by Comrade Kim Il-song; Korean communists were brought up

as revolutionary warriors under his care. It is our communists' fundamental obligation to continue to highly uphold the leader who brought them up."

The high honor and prestige of the revolutionary warriors lie in the faith and sense of duty that they will uphold the leader to the last, with absolute confidence in him. The title of revolutionary warrior is the title of faith, title of integrity, that under any circumstances is held to by faith and glorified by integrity.

Our people, regardless of who they are, all pledged to the altar of the fatherly leader that they will always uphold the great helmsman Comrade Kim Chong-il.

For us, to be the warriors of the great leader means, precisely, to be the warriors of the great helmsman Comrade Kim Chong-il and to always uphold him with faith and integrity.

The faith and sense of duty that our functionaries and working people keep engraved on their hearts today represents an unswerving political resolution and a pure revolutionary sense of duty that they will, holding aloft the teachings left by the fatherly leader, follow the leadership of the great helmsman Comrade Kim Chong-il and make their country, their fatherland, richer and stronger. This faith and sense of duty on their part is a noble ideology and sentiment which was molded and cemented through their personal contacts with the greatness of Comrade Kim Chong-il and the sagacity of his leadership as they tread the proud path of struggle under the leadership of the great helmsman. Especially, our people, while in deepest grief at the loss of the fatherly leader last year, again keenly felt how fortunate they are to have the great Comrade Kim Chong-il at the helm of their party and revolution, and how precious and honorable it is for them as revolutionary warriors to be so blessed with leaders successively. Our functionaries, party members and working people must walk the one road of loyalty determinedly, keeping this faith and sense of duty engraved on their hearts.

The faith and sense of duty is the lifeline of the great leader's warriors, the warriors of the respected and beloved leader Comrade Kim Chong-il. All functionaries, party members and working people must fight on staunchly with the firm belief that the great helmsman Comrade Kim Chong-il is, in himself, the fatherly leader, and that the path they follow under Comrade Kim Chong-il's leadership is the very road of victory and glory leading to the prosperity of the fatherland. We must hold aloft and follow the great Comrade Kim Chong-il as our teacher and father, devoting all our loyalty and piety unblemished, pure and clean. Our revolutionary fighters are determined to entrust their destiny and future altogether to the great helmsman Comrade Kim Chong-il and share their fate with him. Our revolutionary fighters will live and fight on, with that immutable faith and lofty sense of duty deeply engraved on their hearts; therein lies their highly valuable lives and their infinite happiness.

To fight on dynamically like the great leader's warriors and like the great leader's disciples that they are to make their country, their fatherland, richer and stronger, all functionaries and working people must get together closely around the great helmsman Comrade Kim Chong-il in one mind and one will.

Unity-in-one-mind is the revolutionary philosophy of our party; it is the loftiest duty of the leader's warriors to firmly defend and protect that unity centering on the helmsman. The leader's warriors are none other than those resolute revolutionaries who fight on, holding the helmsman aloft in the center of the unity and rallying closely around him in one mind and one will. Being prepared to unite around the helmsman and ready to defend the unity with their lives — therein lies the noble ideological and mental features of the revolutionary warriors.

It is the proud tradition of the Korean communist movement that they fought staunchly under any circumstances, always united around the great helmsman in one mind and one will. In our country today, the leader and the party and the masses form one sociopolitical living entity; all the people are united in one mind around the leader, and the whole society form a large revolutionary family with all its members helping and leading one another. This proud reality is the fruition of the painstaking efforts and energetic guidance made by the great leader and the great helmsman Comrade Kim Chong-il over a long period of time.

The wholehearted unity of the leader, the party, and the masses is our highest pride and the basic source of the invincibility of our fatherland. We must firmly carry on the tradition of unity and solidarity founded by the great leader, further consolidating and developing the wholehearted unity of the leader, the party, and the masses. All functionaries, working people, and officers and men of the People's Army must become a citadel and a shield to resolutely defend the great helmsman Comrade Kim Chong-il politically and ideologically, with their lives.

The ideological theory of the great helmsman Comrade Kim Chong-il is the ideological foundation of our monolithic unity and the guiding principle of life and struggle of our revolutionary warriors. All party members and working people should study, in depth, "Socialism Is Science" and other classic works by the great helmsman Comrade Kim Chong-il, assimilating them into their flesh and bones. Whatever they do, and whenever or wherever they do it, party members and working people should think and act in accordance with the ideology and intent of our party; they should always be of the same mind with the great helmsman Comrade Kim Chong-il. They must thus achieve the prosperity and development of the fatherland, overcoming any difficulties and ordeals in their way with the invincible might of the monolithic unity.

In order for all functionaries and workers to fight on dynamically as the great leader's warriors worthy of their title, to make their country, their fatherland, richer and stronger, they must display their seething, patriotic passion and infinite devotion and bring the plans and intent of the great helmsman Comrade Kim Chong-il to bloom in full blossom on the soil of the fatherland.

Patriotic passion and deep devotion is the unique militant disposition of the leader's warriors. The fatherly leader recovered the fatherland for us; the great helmsman Comrade Kim Chong-il is adding luster to our country. An extraordinary resolution and indomitable fighting spirit to devote all their wisdom and energy to the struggle to make this fatherland, this country, richer and stronger — it is precisely the revolutionary spirit that all our functionaries and working people must bring into full play in their struggle for an all-out march in the new year.

Patriotism is a lofty expression of loyalty to the leader. It shows in how much one contributes to the prosperity and development of his fatherland. Holding aloft the great plans and intent of the great helmsman on the construction of the fatherland, all party members and working people must push ahead vigorously toward the fulfillment of this year's militant tasks, with burning patriotism and indomitable fighting spirit. With an attitude worthy of the masters of the revolution, and giving full play to the revolutionary spirit of self-reliance, we must perform new miracles and feats in production and construction; in respect to revolutionary tasks issued by the party, they must be accomplished without fail at any cost. Thus, we must thoroughly carry through our party's economic strategies to further improve the people's living standards and effect revolutionary upsurges in socialist construction, and, by doing so, make this hopeful year—the year marking the 50th anniversary of the founding of the party and the liberation of the fatherland—a year most brilliant in the history of our fatherland.

To live and fight like the great leader's warriors that they are, functionaries, party members, and working people will ceaselessly train themselves in the revolutionary manner.

To work as becomes the leader's warriors that they are is by no means an easy thing to do, after all. When they take on the lofty ideological and mental features, showing readiness to make themselves human bullets and unhesitatingly face death bravely if it comes to defending the party and the leader, they can enhance the honor of being the leader's warriors. In the final analysis, this means embodying the loyalty and piety to the leader at the highest possible level. Therefore, each and every person, regardless of who he is, should endeavor and train with perseverance to perfect themselves as the leader's warriors.

All functionaries, party members, and working people must have the extraordinary resolution and readiness to live their lives in a worthy manner as the leader's warriors. And they must put it into practice in their everyday work and lives.

We must learn from the noble features of the fatherly leader—who was a great revolutionary and a great man—and those of the great helmsman Comrade Kim Chong-il. At the same time, we must constantly train ourselves to follow examples set by the revolutionary warriors who highly upheld the helmsman with their resolute position and unswerving posture.

All party members must constantly train themselves in the party spirit, always remembering the pledge they made when they entered the party that they will for life fully devote their loyalty to the leader as his warriors. All cadres and party members should regard their party organizations as their mothers' bosoms. They should work and live entrusting everything to their party organizations, participating in party life voluntarily and faithfully.

To make party members and working people live and work like the great leader's warriors that they are, the role of party organizations must be enhanced.

Party organizations will aggressively conduct ideological indoctrination work to deeply instill party members and working people with the lofty intent of the great helmsman Comrade Kim Chong-il for making our country, our fatherland, richer and stronger, ensuring that they acquit themselves fully of their fundamental duty as the leader's warriors. By drawing on factual examples, party organizations will make them fully understand what the leader-warrior relationship is in the revolutionary struggle, and how they should act to live and fight as the leader's true warriors. Thus, party organizations will ensure that all cadres, party members, and working people continue to add luster to the honor of being the great leader's warriors in their proud struggle for socialist construction this year.

To work dynamically in one mind and one will with the great helmsman Comrade Kim Chong-il to make our country, our fatherland, richer and stronger in a way worthy of the leader's warriors that they are — this is the unshakable faith and will of our people today. That explains why our party and revolutionary ranks are so mighty, and why the future of our fatherland is so infinitely bright. We have nothing to fear; we can achieve the infinite prosperity and development of the fatherland against any difficulties and hardships.

All our people are living and fighting dynamically like the warriors of the great leader and the great helmsman that they are. Such being the fact, we will see revolutionary upsurges unfold for sure in the nation's socialist construction this year and the socialist fatherland of chuche shine with greater brilliance, along with the revered name of the fatherly leader.

South Korea

Seoul Agrees to $300 Million for U.S. Forces

SK1105065995 Seoul YONHAP in English
0633 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — The government agreed to pay 300 million U.S. dollars for the 1995 upkeep of U.S. Forces stationed in South Korea during the burden-sharing meeting held with the U.S. Government on April 26, the Defense Ministry said Thursday.

The amount, compared with last year's burden of 260 million U.S. dollars, breaks down to 140 million dollars in wages to Korean employees, 60 million dollars for logistical support, 57 million dollars for CDIP (Combined Defense Improvement Plan) programs and 43 million dollars for construction of non-combat facilities.

The 140 million U.S. dollars earmarked as wages for Korean employees will cover 40 percent of the salaries and wages for the approximate 10,000 local Koreans employed by U.S. Forces in the country, a ministry official said.

South Korea's burden for this year is marked by a relative decrease from last year in wages to local employees and non-combat facilities construction expenses, and a relative increase for logistical support and CDIP programs.

Report Analyzes Trade Difficulties With U.S.

SK1105121295 Seoul CHOSON ILBO in Korean
11 May 95 p 2

[Report by Washington-based correspondent Chong Hae-yong: "The ROK Will Be Next After Japan," from the "Reporter's Memobook" column]

[FBIS Translated Text] Japanese correspondents based in Washington said that the United States will finally settle automobile negotiations with Japan in one way or another, and judging from the pattern of past U.S. external trade negotiations, it is very likely that the next target will be the ROK. As a concrete example, they pointed out that the United States applied pressure on Japan to open communications markets, and then turned to the ROK as the next target.

This reporter asked officials in the ROK Embassy in Washington if there are indications to prove this. As expected, the embassy officials said that the United States Trade Representative [USTR] office recently asked for a large number of materials and data pertaining to the ROK's automobile inspection standard, and the like. The embassy officials observed that USTR officials are probably preparing to raise the issue of opening the ROK's automobile markets.

This reporter then met with an official in charge of ROK affairs in the U.S. Government economy-related office, and asked why the United States has been embarrassing [motsalge kununya] the ROK more and more recently. He explained the reasons, summarizing them in the following two categories. One is that even from the standpoint of a working-level official, it appears that the number of impending trade problems between the United States and the ROK is increasing with each passing day, instead of disappearing from the computer. He added that when a problem is solved, it should naturally be deleted. However, the settled problem is followed by another related problem. This being the case, the problem cannot be deleted as he first wished, and thus he cannot but be frustrated.

Then, he said that as far as trade issues are concerned, trust between the United States and the ROK has been damaged. Even after the relevant ROK agency or office makes a promise, it often breaks the promise if the official in charge is replaced with another one even within the same office. This being the situation, he explained, the United States now demands that the ROK make a promise in the form of a document even for a minor issue, which used to be settled verbally in the past.

It has been learned that during the recent ROK-U.S. working-level trade conference, the delegates from both sides even shouted that they could not trust each other. The remarks on distrust made by negotiators, who represent their respective nations, mean that their nations also distrust each other. Thus, the word "distrust" was presented without hesitation. This makes the future of ROK-U.S. trade bleak.

U.S. trade experts believe that the ROK does not have the proper strategy to cope with this situation. Unlike in the past when the United States took issue with the trade items, it is now taking issue with the second nontariff barrier, namely the trade structure. As for the issue concerning the expiration date of meat, it comes under the supervision of the Ministry of Public Health and Welfare but the office that is actually handling the issue, the one taking charge, is the Ministry of Agriculture and Fisheries. The ROK Embassy in the United States has the No.1 Economy Section and No.2 Economy Section, which are composed of officials from the Foreign Ministry, and a trade section which consists of three officials from the Ministry of Commerce and Trade. However, coordination between the offices has not been satisfactory, not to mention their job descriptions. When an official from the trade section contacts a USTR official, those in the economy sections are displeased.

The division of trade channels may be effective in weakening the U.S. pressure when the United States makes an issue of specific items. However, at a time when the United States makes an issue of the ROK's trade structure, the channels toward the United States should be unified to effectively cope with this situation, and at the same time, efforts should be made to build trust in trade with the United States. It appears that the ROK can only hold full-scale trade negotiations with the United States after the ROK Government offices, as we!! as the ROK Embassy in Washington, get their house in working order.

U.S., North Discuss Venue for Talks; No Accord

SK1105024995 Seoul YONHAP in English
0222 GMT 11 May 95

[FBIS Transcribed Text] Washington, May 10 (YONHAP) — The United States and North Korea discussed setting the venue for the proposed high-level talks to break the impasse concerning the light-water nuclear reactor issue in a working-level meeting in New York Wednesday, but failed to come to an agreement, it was learned.

A State Department official disclosed that the United States through their New York contact received the North Korean stance on the high-level nuclear talks, but added, "the venue and opening time of the talks have not yet been finalized."

The contact was made between Gary Saymore, assistant to U.S. Nuclear Ambassador Robert Gallucci, and counsellor Han Song-yol from the North Korean Mission to the United Nations.

It was not disclosed whether North Korea at the New York meeting withdrew its original proposal of holding the negotiations in Pyongyang or showed a willingness to accept such alternative venues as Geneva, Beijing, and Berlin.

The United States has previously made its opposition clear to Pyongyang concerning the site of the proposed talks.

Asked about the venue issue, a North Korean Mission official merely said, "sufficient discussions are now under way."

The New York contact also took up the North's declaration not to attend any longer Nuclear Non-Proliferation Treaty (NPT) conference now being held in New York, diplomatic sources said.

North Reportedly Proposes Nuclear Talks in PRC

SK1105080095 Seoul YONHAP in English
0745 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — North Korea on Thursday counter-proposed that a planned U.S.-North Korea political-level meeting be held in Beijing but that it be attended by lower ranking officials than the previously suggested U.S. Ambassador Robert Gallucci and North Korea's First Vice Foreign Minister Kang Sok-chu, it was learned here.

A senior government official said South Korea and the United States accepted the latest North Korean offer.

Saying that North Korea made the proposal in a message to the United States, the official said that the Beijing talks would be attended presumably by Thomas Hubbard, U.S. deputy assistant secretary of state for Asian and Pacific affairs, and North Korea's Vice Foreign Minister Kim Kye-kwan.

Regarding the date of the Beijing talks, the official said the meeting may begin towards to end of next week at the earliest.

Responding to questions concerning the reasons North Korea proposed lower-level officials handle the meeting, he said he has no way of knowing, adding however, "it may have something to do with inflated reports First Vice Foreign Minister Kang Sok-chu allegedly made to his superiors on the U.S.-North Korea talks he attended in the past."

A source observed it is possible that Kang might have reported to his government that he had proposed a reactor model other than a South Korean one during the Geneva talks, though he actually accepted a South Korean model.

In Thursday's message to Washington, North Korea contended it sought a model other than South Korea's at the time the framework agreement was reached in Geneva, but U.S. officials said there was no such offer from the North Koreans at that time, the source said.

Gallucci on DPRK Venue Proposal

SK1105023995 Seoul KBS-1 Radio Network in Korean 0200 GMT 11 May 95

[FBIS Translated Text] U.S. Nuclear Ambassador [title as heard] Gallucci revealed that North Korea sent a reply letter this morning proposing a new date and venue for the U.S.-DPRK high-level negotiations and that he had held emergency consultations with the ROK Government regarding this matter.

Ambassador Gallucci met reporters this morning at the airport, prior to departing after a four-day visit here, and said that today's reply letter came in the name of North Korean Vice Foreign Minister Kang Sok-chu and once again proposed a new venue and date in answer to Ambassador Gallucci's proposal for a third venue.

This morning, Ambassador Gallucci met with ROK officials and held sufficient consultations. At his next destination, Japan, he will also hold consultations with the Japanese Government and decide on measures regarding North Korea.

U.S. Responds to North Boycott of NPT Meeting

SK1105065695 Seoul YONHAP in English 0603 GMT 11 May 95

[FBIS Transcribed Text] Washington, May 10 (YONHAP) — The United States on Wednesday refuted the North Korean claim that it has "special status" in the Nuclear Non-proliferation Treaty (NPT), based on which Pyongyang said it does not have to adopt decisions made by the NPT.

The U.S. State Department said, "we do not recognize such (special) status and we have made that clear in our negotiations with the DPRK (Democratic People's Republic of Korea)."

In a letter sent to the NPT Conference Chairman Jayantha Dhanapala Tuesday, Amb. Pak Kil-yon of the North Korean Mission to the United Nations notified him that it would no longer attend the NPT conference on the grounds that Pyonyang has special status in the NPT. A North Korean Mission official explained that North Korea is not a member of the NPT because it has not taken back but merely suspended its decision to withdraw from the NPT.

"The DPRK decision not to participate in adopting decisions at the NPT review and extension conference will not affect the substance of the review or its outcome," the State Department said. "A decision on extending the treaty taken by a majority of the members will apply to all members whether they participate in the decision or not."

Foreign Minister Discusses Reactor Name Issue

SK1105082895 Seoul YONHAP in English 0806 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — Foreign Minister Kong No-myong said Thursday that the name of the South Korean model reactor to be used in the North's reactor project would be included in the light-water reactor supply contract that will be reached between the United States and North Korea.

Referring to the fact no mention of the issue regarding the South Korean model name was made in the joint statement delivered by South Korea, the United States and Japan after their meeting closed Thursday concerning the issue of supplying light-water reactors to North Korea here, Kong said it "does not mean that we have conceded the position of specifying the South Korean model (in the contract with the North)."

The joint statement's section saying the light-water reactors will be provided by the Korean Peninsula Energy Development Organization (KEDO) was mistaken by some reporters to be a concession of the name of the South Korean model, he told reporters, adding, "I can hardly understand why it has misled them. "

The name of the South Korean model will be in the contract, he stressed.

But asked if the South Korean model would be specified in the contract, he said that in view of the deadlock of the reactor supply negotiations, it would not be desirable to go into detail about the South Korean model specifically, adding the three nations (South Korea, the United States and Japan) are making "a tremendous effort" to settle the reactor supply issue.

Kong also denied the report the three nations had agreed to provide new assistance to North Korea, in addition to the support in its light-water reactor construction project, in their meeting here Thursday.

He said he had discussed with U.S. nuclear ambassador Robert Gallucci issues concerning North Korean First

Vice Foreign Minister Kang Sok-chu's new letter in the morning, but declined to elaborate on the discussion.

Unification Minister Confirms Stance on Reactors

SK1105072995 Seoul YONHAP in English
0643 GMT 11 May 95

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — Deputy Prime Minister Na Ung-pae Thursday reiterated South Korea's stance that a light-water reactor supply contract with the North should specify that South Korean model reactors will be used, and stipulate that Seoul will play a leading role in the light-water reactor project.

The nation's top unification policymaker told reporters, "Ulchin light-water reactor Nos. 3 and 4 must be specified in the supply contract as the reference power station in one way or another, and it also must specify South Korea as the primary contractor."

When Pyongyang accepts South Korean-made light-water reactors and South Korea's central role in the project, Na said, the North would enjoy favors with regard to the provision of substitute energy, exchange of liaison offices with the United States and the further easing of U.S. economic sanctions against it.

"But the North appears not to be prepared to accept either of them (the South Korean stances)," Na added. "The situation being such, we have not studied the question of additionally helping the North build power distribution facilities worth 1 billion U.S. dollars."

Opining that Pyongyang is apparently more interested in the replacement of the Korean armistice mechanism with a peace treaty, Na stressed the need to resume an inter-Korean dialogue. "We have to return to the issue of how to implement the basic South-North Korea agreement."

The inter-Korean basic agreement was concluded in 1992.

ROK Central Role in Reactor Issue Reaffirmed

SK1005122695 Seoul YONHAP in English
1218 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — South Korea, the United States and Japan reaffirmed Wednesday that South Korea should play a central role in the light-water reactor project for North Korea but fell short of including in a joint statement that the reactors to be provided to North Korea should be a South Korean model.

The statement, read by Ambassador Choe Dong-jin just before the start of the joint press conference on the outcome of the three-way talks on ways to tackle the upcoming nuclear talks between U.S. Nuclear Ambassador [title as received] Robert Gallucci and North Korean Vice Foreign Minister Kang Sok-chu, failed to say that the nuclear power plants to be provided to the North should be a South Korean type.

However, the statement reconfirmed the "principle of South Korea's central role in the LWR (light-water reactor) project to be executed by KEDO (Korean Peninsula Energy Development Organization)."

"We deliberately came up with the expression to counter the North's attempt to exclude the role of the KEDO and talk only to the United States," said a Foreign Ministry official. "We tried to focus on the Korean standard nuclear power plants pursued by the KEDO."

Asked if the drop of the Korean-made reactors out of the statement meant any concession in the model of the reactors to be provided to the North, Gallucci said the trilateral talks did not discuss any concession or compromise on the type of reactors.

Gallucci, speaking at the joint press conference, also said that the Korea Electric Power Corp. (KEPCO) of Seoul will certainly be the main contractor for the provision of the light-water reactors to North Korea, adding that the KEDO already started negotiations with the KEPCO.

"We still have in mind the type of (South Korean-made) Ulchin reactors for the light-water reactor project," said Gallucci.

The American nuclear ambassador also said "if you look at the KEDO chart, you will see KEDO will provide South Korean reactors (to the North under the Geneva agreed framework)," stressing the three parties never agreed on any concession on the type of reactors.

He said that North Korea seems to have some political difficulty in accepting South Korean-made reactors "as we have come closer to the specific arrangements (for the provision of Korean-made reactors to the North.)"

On the future of the Pyongyang-Washington political-level nuke talks, Gallucci said "I would say that, if North Koreans are sincere as they were during our discussions in Geneva last year, I'm optimistic."

He, however, observed that the upcoming talks would hit a deadlock if North Koreans refuse to accept South Korea's central role in design, production and financing of the reactors.

On the question of the replacement of the Korean Armistice Agreement with a peace pact, he said that the United States has no direct role in peace negotiations with North Korea and that the talks on the issue should be directly held between South and North Korea.

Choe, secretary general of the office for light-water reactor project, meanwhile said that the improvement of inter-Korean relations is a core element of the Geneva nuclear accord between Pyongyang and Washington and is essential for the smooth and complete implementation of the Geneva agreement.

He also made a rosy outlook for the Kang Sok-chu-Gallucci talks expected in mid-May, saying "I understand that North Korea has the willingness to solve the nuclear issue through dialogue."

"That's why the North Koreans accepted the Kang-Gallucci talks without producing any conditions."

Nuclear Ambassador Tetsuya Endo of Japan, who also attended the press conference, said that his country is ready to resume normalization talks with North Korea, which has been suspended in 1992 over some thorny issues.

Endo said that what matters is the timing of the resumption and that the development of U.S.-North Korea talks will be one factor Japan should consider in deciding when to resume the rapprochement talks.

DPRK Soldiers 'Again' Cross MDL on 9 Mar

SK1105030895 Seoul HANGUK ILBO in Korean 11 May 95 p 2

[By reporter Son Tae-kyu]

[FBIS Translated Text] North Korean soldiers crossed the Military Demarcation Line [MDL] on 9 March again to conduct reconnaissance activities, it was learned on 10 May. Last month they crossed the MDL twice and received strong warnings from the UN Command.

According to the authorities concerned, on the morning of 9 May approximately 10 North Korean soldiers and officers, crossed the MDL at the central frontline sector of the DMZ to conduct reconnaissance activities, and retreated at our side's warnings over loudspeakers. Unlike the North Korean soldiers who crossed the MDL last month, all of these North Korean soldiers were unarmed.

A government official concerned stated that "such an act by the North Korean soldiers is a grave violation of the Armistice Agreement," and added that "we are assessing from various angles the political aim behind the provocative act of again crossing the MDL despite the UN Command's strong warnings."

The North Korean soldiers crossed the MDL to conduct reconnaissance activities on 19 and 23 April, and the UN Command sent a letter of protest in the name of the secretary of the Armistice Commission.

Analysts, Officials View DPRK Food Shortages

SK1105013195 Seoul THE KOREA HERALD in English 11 May 95 p 2

[By staff reporter Sin Yong-pae]

[FBIS Transcribed Text] Defectors from North Korea say that North Koreans are desperate for food. They say riots are spreading in the North as food shortages continue.

It is difficult to say whether or not the alleged disturbances pose an immediate threat to the totalitarian regime in the Communist country. But analysts and officials here agree that the Kim Chong-il government may fall if it fails to resolve food shortages.

"North Korea may face its worst crisis this year if it fails to import a sufficient amount of grain from foreign countries," says Yi Ho, an official at the National Unification Board.

He says North Korea is making attempts to buy large quantities of rice and other grains from China, Thailand and Vietnam.

North Korea's grain harvest was 4.13 million tons last year, or 2 million tons short of demand this year, according to a figure recently released by the South Korean government.

The grain crop for last year was up 6.2 percent from 3.9 million tons a year earlier thanks to a favorable weather conditions.

Despite the increase in grain production last year, North Korea is expected to suffer severe food shortages this year, predicts a South Korean farming industry expert. "That is because North Korea can't rely on China for food aid any longer," says Kim Un-kun, a research director of the state-run Korea Rural Economic Institute.

China, which had provided North Korea with grain at prices, lower than the market price, banned grain exports to foreign countries last July because of a poor harvest.

North Korea purchased 640,000 tons of grain from China in 1992, some 80 percent of its total grain imports, according to a report by the Organization for Economic Cooperation and Development (OECD) in 1994.

Furthermore, says Kim of the Korea Rural Economic Institute, it will not be an easy job for The financially-strapped North Korea to import grains.

Reports by North Korean defectors and travelers admitted into the North show how serious North Korean food shortages are. "I know of several people executed after committing robbery out of hunger," said Pak Chol-man, who defected to Seoul in April. "Many people are surviving on corn flour and arrowroots," he said.

Reports said that Pyongyang has launched a campaign against extortion of food by government officials.

In an effort to overcome food shortages, a Pyongyang visitor said, North Korea is conducting a campaign for two meals a day.

Despite the food shortages, North Korea rejected an offer by South Korean President Kim Yong-sam to lend rice and other daily necessities on a long-term, low-cost basis in March.

But the Pyongyang regime is willing to accept food aid by private groups in the South. A private international aid agency in South Korea is planning to donate rice and corn to North Korea.

"Five hundred tons of corn will be shipped to North Korea in mid-May if the (South Korean) government approves our aid program for North Koreans," an official of World Vision Korea said in an interview with THE KOREA HERALD.

"North Korea told us that it will distribute the corn to residents in Onsong County in North Hamkyong Province," said the official.

He said his agency also plans to donate 200,000 to 300,000 tons of rice to North Korea as a humanitarian act.

Reporter's Article Views Food Shortages in North

SK1005142095 Seoul KYONGHYANG SINMUN in Korean 10 May 95 p 5

[By reporter Sin Yong-su from Beijing]

[FBIS Translated Text] "Is the living situation of North Koreans really difficult?" Koreans residing in the PRC who have reportedly been to North Korea to meet their relatives responded sardonically, saying: "The living situation of North Koreans is much more serious than reported in the newspapers. Their living situation is difficult beyond expression."

Tourists who visited North Korea for the first time during the Pyongyang festival stated: "The North Koreans did not look as poor as we had thought." However, PRC-resident Koreans refuted this, saying: "That was because they toured only those places designated by North Korean guides."

Let us look into the food problem first. Not only staple food, but also subsidiary food is very rare in North Korea. Even in Pyongyang, where people are known to lead a relatively better life than those in any other place throughout North Korea, citizens receive only 90 grams of edible oil a month. They can afford to eat meat such as pork only once a month.

However, those in other regions in North Korea have not received a ration of edible oil in the past 10 years. They are lucky if they can afford to eat meat four times a year.

Beanpaste soup and kimchi with no powdered red pepper are the only available side dishes. Beanpaste is made not with beans but with powdered corn, so the taste is poor.

Candy and fruit are also quite rare, as is Alaska pollack, which was readily available in the past.

People have to fill their stomachs with rice, so they need 21 kilograms of rice each month. According to regulations, each person is to receive only 15 to 20 kilograms of grain a month. However, the elderly and children who are unable to work receive only 300 grams of grain a day. If people capable of labor do not work for some reason, they receive only 300 grams of grain for that day. Therefore, even in the case of Pyongyang citizens, those who have family members unable to work or who are patients are destined to suffer from food shortages.

In the case of rural areas, people have to suffer food shortages one week a month. Therefore, in an effort to save grain, the people eat gruel cooked with rice or other grains; when they have money, they buy rice on the black market.

A Korean compatriot in the PRC who visited a remote area in Hamgyong Province in North Korea said: "I stopped by a rural house because I was thirsty; I found an elderly couple in their sixties lying in the room. They were worn out and wasted, looking like skeletons. They seemed to be dying. Beside them were two children. The children were also worn out, and their bellies looked like potbellies. When I asked the elderly couple what happened, they said, 'We have not received food rations for three months. We have lived on wild greens and grass roots. We have even eaten raw potatoes. Now we are waiting for the corn to grow so we can live on it.'"

According to the Korean compatriot, the elderly couple told him that North and South Hamgyong Provinces are areas where soil is infertile and the people always suffer grain shortages every year. Such being the case, in the previous year cadres again submitted a false report to higher echelons stating that their area experienced a harvest year, and accordingly they had to send large quantities of grain to the state. This caused the shortage in grain to be distributed to the people.

Those Korean compatriots who have been to rural areas in North Korea say they often saw rural people in rags. Students are not an exception to this, receiving only one uniform per student a year.

In Hamgyong Province, no cloth has been available for sale for 10 years. Thus, people cannot afford new clothes.

DPRK Said Actively Soliciting Food Aid

SK1105023295 Seoul CHOSON ILBO in Korean 11 May 95 p 2

[By reporter Kim Song-yong from Hong Kong]

[FBIS Translated Text] It was learned on 10 May that due to the serious food shortage situation in the wake of the Pyongyang festival, which ended on 1 May, North Korea sounded out Hong Kong and Thailand early this month on purchasing a great amount of rice, corn, barley, and wheat flour. Also, North Korea has reportedly asked the Unification Church and Korean-Americans for emergency food aid, while strengthening the work to come up with foreign currency to fund food purchases, by such means as smuggling opium and weapons.

Hong Kong-based sources knowledgeable in North Korean affairs stated: Since early this month, North Korean trade companies — such as Ponghwa, Taesong, Namsan, and Kaeson — have sounded out Hong Kong businessmen who have dealings with North Korea regarding the procurement of 100,000 tonnes of corn, 50,000 tonnes of barley, and 10,000 tonnes of wheat flour. Also, North Korea plans to send its grain procurement envoy to Thailand in June to buy some 100,000 or 300,000 tonnes of rice.

Taiwan Survey 'Negative' on Investment in DPRK

SK1005010095 Seoul CHUNGANG ILBO in Korean 8 May 95 p 25

[By Taipei-based correspondent Yu Kwang-chong]

[FBIS Translated Text] It has been revealed that Taiwan is much interested in increasing its exports of daily necessities to North Korea and importing mineral resources from North Korea, but is little interested in investing in North Korea.

According to the data obtained by the Korean Trade Promotion Corporation's Taipei Trade Center, Taiwan arrived at this decision as a result of the market survey conducted in North Korea by the Chinese External Trade Development Association (CETRA), an organization of the Taiwanese Government. In a report on the market survey of North Korea, Huang Xingguo, secretary general of CETRA, stated: North Korean daily necessities are of coarse quality, and the North Korean import market is completely shut off, so there is much room for Taiwanese businesses to advance into the North Korean market.

He also noted: "Since North Korea has difficulty in various economic aspects, including a shortage of foreign currency, we ought to buy such goods as steel and aluminum ingot, carrying out trade with North Korean enterprises capable of importing goods from abroad." The report added that the Taiwanese businesses ought to consider importing minerals such as steel, cement, marble, and granite from North Korea.

However, the CETRA market survey team held a somewhat negative view of the chances of Taiwanese businesses for investing in the North. The survey expressed interest in advancing into the North in the manufacturing business, such as light industry; however, in the case of investment in domestic consumption, the survey noted limitations because it will encounter difficulty in North Korea for lack of purchasing power. As for the investment in business for export to third countries, it will run into difficulty because of international sanctions against the North. Taiwan's dispatch of the market survey team draws our attention because this was the first market survey team conducted by a foreign government organization in North Korea.

Changes in PRC-DPRK Relations Analyzed

SK1105022195 Seoul SEOUL SINMUN in Korean 11 May 95 p 4

[Report by Ku Pon-yong]

[FBIS Translated Text] Recently, relations between North Korea and China seem to show signs of deterioration, thus drawing keen attention in relation to the future of the Kim Chong-il system that is to be inaugurated soon.

According to a government diplomatic source on 10 May, the Chinese side has recently beefed up and deployed three armed police units the size of a brigade along the border between China and North Korea to clamp down on North Korea's smuggling. China had previously deployed one police unit along the border.

In addition, at the meeting of the Standing Committee of the National People's Congress held last January, the Chinese side decided to ban not only the grant-type grain supply, but also grain exports to North Korea, under the excuse of a poor harvest.

The North Korean side also reportedly expressed its grievances by seizing a Chinese ship that was fishing on the West Sea, for violating its territorial waters.

Regarding the changes in North Korea-Chinese relations, another government official said, "We should pay attention to the fact that these incidents took place in the aftermath of the death of Kim Il-song and rumors of Deng Xiaoping's serious health condition."

DPRK Correspondent Expulsion From PRC Viewed

SK1005134795 Seoul CHUNGANG ILBO in Korean 10 May 95 p 3

[By correspondent Mun Il-hyon from Beijing]

[FBIS Translated Text] The PRC authorities decided to expel North Korea's NODONG SINMUN Beijing correspondent. This is a good example that shows how DPRK-PRC relations have recently gone from bad to worse.

The upshot of this incident is that Han Kyong-no, NODONG SINMUN's Beijing correspondent, was found to have violated PRC domestic law by illegally smuggling in fake North Korean-made antiques and selling them in the PRC.

There were many cases in which North Korean diplomats were expelled from Western countries under charges of smuggling foreign currency and engaging in drug trafficking.

However, when considering the special relationship between the PRC and North Korea, and taking into account the characteristics of NODONG SINMUN, the decision to expel the NODONG SINMUN correspondent is an unprecedented and shocking incident that could never have been imagined in the past.

NODONG SINMUN is regarded as having a traditionally friendly, cooperative, and blood-tie relationship with the CPC. It acts as a mouthpiece for North Korea's Workers Party of Korea.

Rather than a journalist whose main purpose is to gather news, a NODONG SINMUN Beijing correspondent is a quasi-diplomat dispatched by the North Korean authorities.

Therefore, the decision by the PRC authorities to expel the NODONG SINMUN correspondent under charges of violating domestic law is a great blow, both politically and diplomatically, to North Korea, whatever the reason.

The PRC stated that it decided to expel the NODONG SINMUN correspondent because he had violated domestic law. Therefore, there is no doubt that the PRC sufficiently took into account how North Korea will react to this measure and what waves it will create.

This is clearly proven by the fact that before deciding to expel the NODONG SINMUN correspondent, the PRC authorities held consultations with related organs regarding this matter.

In particular, it is necessary to notice that such a decision was made when relations between North Korea and the PRC are experiencing diplomatic discord over various matters. Discord between the two countries arose when North Korea strongly denounced PRC Premier Li Peng's visit to the ROK in October 1994. Recently, both countries have showed a serious confrontational appearance regarding the issues of a chartered plane service between Pyongyang and Taipei during the Pyongyang festival and on selecting the venue for the 2000 Asian Games.

When North Korea decided to charter plane service between Pyongyang and Taipei, it had not discussed this matter in advance with the PRC and made the decision independently; thus, the PRC expressed its great displeasure. Also, while being fully aware that the PRC opposes the selection of Kaohsiung, Taiwan as the venue for the Asian Games, North Korea supported Kaohsiung because it opposes selecting Pusan as the venue. This amplified the discord between the PRC and North Korea.

Another element making the PRC uncomfortable is that North Korea imposed restrictive measures on PRC authorities residing in Pyongyang, measures never seen before.

However, a more fundamental reason is that North Korea has been showing a very uncooperative attitude regarding the PRC following Kim Il-song's death. North Korea has not informed the PRC of important matters of interest, such as Kim Chong-il's succession to power and the nuclear negotiations with the United States, and has even informed the PRC of completely different facts. Diplomatic sources convey that the PRC leadership is indignant over this.

Therefore, it is highly probable to say the decision to expel the NODONG SINMUN correspondent is an expression of dissatisfaction and a warning to North Korea by the PRC authorities. Beijing diplomatic circles are paying attention to the fact that this may be an opportunity for the relations of both countries to emerge into a new phase.

Seoul, PRC Agree on Atomic Energy Committee

*SK1105025695 Seoul YONHAP in English
0157 GMT 11 May 95*

[FBIS Transcribed Text] Beijing, May 11 (YONHAP) — South Korea and China agreed Thursday to set up a joint Atomic Energy Committee for closer cooperation in the nuclear energy industry.

The agreement was reached at the meeting between South Korean Vice Science and Technology Minister Ku Pon-yong, visiting here as a member of Prime Minister Yi Hong-ku's entourage, and Vice Minister Hui Yongzheng of China's State Science and Technology Commission.

Under the agreement, the joint committee will meet annually to discuss bilateral cooperation in research and development, including reactor development, nuclear safeguards improvement and radioactive materials control. The cooperation will include exchanges of scientists and engineers and technical information, among other things.

On the Korea-China Nuclear Safety Cooperation Protocol, which was signed last December and put into effect earlier this month, the two vice ministers agreed to step up cooperation to improve safeguards, including early exchange of information on nuclear accidents and to conduct emergency communication exercises in preparation for radiation leakage.

The joint committee will pave the way for the two countries to accelerate the development of their respective nuclear power industries by making joint inroads into the Asian nuclear energy market, as the committee is expected to combine China's advanced basic nuclear energy research with South Korea's developed nuclear power generation industry, a South Korean official said.

Ministry Regrets Terrorist Incident in Sri Lanka

*SK1105090295 Seoul YONHAP in English
0842 GMT 11 May 95*

[FBIS Transcribed Text] Seoul, May 11 (YONHAP) — The Foreign Ministry, expressing regret over the recent terrorist incident in Sri Lanka said on Thursday that it has asked the Tamil rebels to stop resorting to violence and resume talks immediately in order to come to a durable peace.

In a statement issued by Ministry Spokesman Yu Kwang-sok, the ministry said it fears the resumed terrorist acts undermine peace efforts geared towards a negotiated settlement of the ethnic conflict in Sri Lanka.

"The Korean Government pays much tribute to the continued peaceful efforts on the part of the Sri Lankan Government, led by President Kumaratunga and sincerely hopes that the two sides continue the peace process," it said.

Kadok Island Port Effect on Trade Role Viewed

*SK1105110195 Seoul SEOUL SINMUN in Korean
8 May 95 p 4*

[Interview with Kim Chol-yong, head of the Korea Maritime and Port Administration, by SEOUL SINMUN senior reporter Kim Yong-man; place and date not given]

[FBIS Translated Excerpt] [Kim Yong-man] I think the strategy of turning the Korean peninsula into Northeast Asia's distribution center is very good in light of the peninsula's geographical location and the Pacific basin community's economic situation. It is a matter of money. How will you solve financial problems under the current circumstances, in which it is difficult to build even a port with a yearly budget of 500 to 600 billion won?

[Kim Chol-yong] With the current budget, the container shipment capacity will be over 40 percent short in meeting the demand by 2000. The plan of making the Korean peninsula a central distribution center presupposes the inducement of private funds. Before the end of this year, we will prepare a basic plan for the construction of a new port on Kadok island, the core of the strategy of changing the peninsula into a distribution center, decide on a schedule for implementing the project early next year, and select a business group that will participate in the project by April 1996. [passage omitted]

[Kim Yong-man] It is difficult to believe that the Korean peninsula will be a central distribution base in Northeast Asia merely because new ports will be built on Kadok and Kwangyang. The Korean peninsula will have to compete with Kobe in Japan, Shanghai in China, Kaohsiung in Taiwan, and Singapore. That is, my question concerns "software."

[Kim Chol-yong] You are right. In particular, keen competition with Kobe and Yokohama in Japan is expected. Unfortunately, the port of Kobe is now unable to fulfill its functions since the big earthquake in Kansai, Japan. As a result, the role of Pusan's port has become more important. In the sea transportation business, it is important to secure the rights to transport goods because a port can easily become a hub port when it secures a considerable amount of goods. [passage omitted]

[Kim Yong-man] What roles will the ports of Pusan, Kadok, and Kwangyang have when the Korean peninsula becomes a central distribution base? And, what is the plan to connect them with ports in the west coast, such as Asan and Kunjang ports?

[Kim Chol-yong] At present, ships frequently stay longer than scheduled at Pusan port because of unloading delays. The transshipment rate—a barometer of hub ports—of Pusan port was only 14.7 percent in 1994, far behind of Singapore (70 percent) and Kaohsiung port (40 percent).

Accordingly, we plan to use Kadok and Kwangyang ports as second bases that substitute for Pusan port. Kadok island will cover goods transported from and to Japan, Russia, and North America; and Kwangyang port will cover those from and to Southeast Asia and Europe. To cope with the increasing trade with China and Russia, we plan to connect Pusan port with Asan, Kunjang, Mokpo, Sinoehang, and Saemankum ports in the west, as well as with Ulsan, Pohang, and Tonghae ports in the east. [passage omitted]

Plan Unveiled To Develop Capital Goods Industry

SK1105014395 Seoul THE KOREA HERALD in English 11 May 95 pp 1, 4

[FBIS Transcribed Text] The government yesterday unveiled an ambitious blueprint for developing the nation's capital goods industry to match those of advanced countries by the early next century.

The master plan calls for luring foreign investment actively, expanding domestic demand for locally-made machinery and equipment, boosting financial, support for developers of capital goods and taking other measures.

The plan, drawn up by the Ministry of Finance and Economy (MOFE) and the Ministry of Trade, Industry and Energy, was reported to President Kim Yong-sam at a meeting of economic ministers and businessmen at the presidential office at Chongwadae yesterday.

The blueprint aims at redressing the economy's structural problem that the more corporate Korea increases its exports and investment, the more it has to import foreign capital foods.

"Korea's high dependency on foreign countries, especially Japan, for capital goods has been the prime culprit for its bulging trade deficit," Deputy Premier and Minister of Finance and Economy Hong Chae-hyong said at the meeting. "The plan is designed to deal with the situation."

In 1993 alone, the country imported 26.6 percent of the capital goods it needed, according to the MOFE. A recent surge in corporate capital spending has greatly expanded imports of equipment and machinery, widening the nation's trade deficit, Hong said. Korea posted a $3.1 billion shortfall in trade of capital goods last year and the gap amounted to $1.5 billion in the first three months this year.

Timed with the strong yen, the plan is especially designed to reduce Korea's dependency of Japan for imports of capital goods, Hong said.

Korea recorded a $13.8 billion deficit with Japan in trade of capital goods last year, while its overall trade gap with the neighboring country stood at $11.9 billion. In the first three months this year, the shortfall in capital goods trade amounted to $3.7 billion.

The high yen provides a good opportunity for Korea to catch up with advance countries in the capital goods sector as the rising yen reduces the price competitiveness of Japanese capital goods and prompts Japanese makers of equipment and machinery to move production overseas, he said.

Given infrastructure and technological levels, Korea is better positioned to attract Japanese businesses seeking to shift production overseas than other Asian countries, Hong added.

According to the plan, the government wild step up its effort to lure Japanese investment by sending investment missions and inviting Japanese businessmen to do feasibility studies. The effort is viewed as a short-cut to learning high technology from Japan.

The government will also allow foreign makers of equipment and machinery to use land in provincial industrial complexes at lower rates than local firms.

The staying period of foreign technicians working for domestic firms will be extended to six years from the current four years, while foreign firms investing here will be exceptionally permitted to import equipment and components from Japan.

To boost demand for locally-made equipment and machinery, the government will overhaul the current system of foreign currency loans sometime next year and will allow such loans to be used for buying locally-made machinery. Currently, foreign currency funds are available for use only in importing capital goods.

The government will expand the amount of foreign currency- denominated funds reserved for the purchase of domestically-made machinery to 1 trillion on from the original 120 billion won.

The two ministries will soon announce the list of items domestic businesses will be allowed to buy with such funds.

Starting next year, machinery makers will be allowed to form consortia to establish sales finance companies for the purpose of promoting their sales.

In addition, the government will increase the amount of funds for delayed-payment exports to 3.55 trillion won next year from this years 2.8 trillion won.

In a bid to encourage local firms to develop capital-goods items, the government will provide 200 billion won in upfront investment funds, boost financial support for start-up companies hoping to specializing in high technology and set up a task force for standardization of machinery.

To promote the credibility of locally-made capital goods, the government will strengthen the function of guaranteeing quality and grant certificates to excellent products.

To diffuse the lack of skilled workers, the government will continue to increase the number of technicians and engineers by expanding the recruitment capacity of technical high schools and engineering colleges.

President Addresses Conference on 'New Economy'

SK1005035295 Seoul YONHAP in English 0222 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — President Kim Yong-sam on Wednesday called for a new paradigm befitting an era of 10,000 U.S. dollars in per capita national income.

"An era of 10,000 dollars in per capita national income demands the conversion of conceptions in not only economic, but also all other areas," the chief executive said. "Therefore, new visions and strategies for national administration commensurable to a 10,000- dollar income era should be developed."

Kim made the remarks at the 15th New Economy Promotion Conference held at Chongwadae, with over 160 members of the New Economy Promotion Committee and businessmen attending, noting that the country is expected to approach this year the level of advanced countries with its gross national product ranking 11th in the world, exports recording 100 billion U.S. dollars, and per capita national income reaching 10,000 U.S. dollars.

Stressing the need to foster the capital goods industry, Kim said, "to expand the demand for locally-made machines, their purchasing terms should be improved at least to the level accorded their foreign counterparts. And, investments into technological development should be drastically expanded so that quality products may be produced which can compete with foreign machines."

The president emphasized reinforced cooperation between large and small enterprises as well as the need to induce more foreign investments in high-tech fields of the capital goods industry.

Kim instructed the central government to strengthen support to local governments so that the latter may favorably induce foreign investment.

The conference heard reports from Deputy Prime Minister and Finance-Economy Minister Hong Chae-hyong and International Trade and Industry Minister Pak Chae-yun on "measures for fostering capital goods industry for the globalization of the Korean economy."

The reports were followed by a question-and-answer session.

Kim Tae-chung on Nuclear Issue, Politics, Economy

SK1005005095 Seoul KYONGHYANG SINMUN in Korean 8 May 95 p 2

["Question-and-answer session" between Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, and unidentified correspondents in Washington on 6 May; reported by correspondent Pak In-kyu from Washington; first four paragraphs are introduction]

[FBIS Translated Text] Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, who is visiting the United State, said on 6 May [7 May Korea time]: "With the signing of the North Korea-U.S. agreed framework in Geneva last year, the era of competition between North and South Korea has ended. Once the issue of supplying light-water reactors to North Korea is settled, North and South Korea will be able to enter an era of cooperation."

In a meeting with Washington-based ROK correspondents, Chairman Kim Tae-chung stated: "If the North and South continue to pursue confrontation as they are at present, they will face the danger of being turned into third-class countries; they will enter the ranks of the five powerful world countries in the 21st century only if the present North-South relations are improved."

Chairman Kim also stated that if the North and South maintain economic exchanges for about 10 years, a great change will take place in North Korea, and consequently the question of reunifying the country under a federal system will be possible.

The following is an interview with Chairman Kim Tae-chung:

[Unidentified reporter] In what direction do you think the North Korean nuclear issue should be settled?

[Kim Tae-chung] I think it will be possible without difficulty to save North Korea's face while maintaining our three principles that North Korea should not possess nuclear weapons, that the ROK's central role should be guaranteed, and that the improvement of U.S.- North Korean relations should be linked to the improvement of North- South relations. I think the U.S.-North Korean nuclear negotiations will be settled under these three principles.

[Unidentified reporter] What do you think of a generational shift in politics?

[Kim] I am not interested in it at all. My declaration of retirement from politics is still valid. However, I stated in the declaration that as a party member I would devote myself to developing the opposition party [Democratic Party], and I am doing so now. Whenever it had issues to discuss with me, the party came to me, and I sincerely advised the party. On nominating Rep. Yi Chong-chan as the party's candidate for the governor of Kyonggi province, it was not me but the members of the party's Research Institute of Internal and External Affairs who recommended Rep. Yi Chong-chan to run as the candidate. Rep. Yi had refused to accept their recommendation for two to three months. When he visited me later, I advised him to consult with Rep. Yi Ki-taek, president of the Democratic Party.

[Unidentified reporter] The picture showing you and Rep. Yi chong-chan, who was from the Fifth and Sixth Republics, standing side by side looks somewhat awkward, doesn't it?

[Kim] I was very surprised to see that the candidates who were in important positions during the Fifth and Sixth Republics occupied the first and second ranks, and a candidate who was from the dissident group obtained the least votes in the elections of the Democratic Party's candidate for mayor of Kwangju. We should not forget the past, but we should also not adhere to the past.

[Unidentified reporter] What do you think about the fact that Walesa, Mandela, and Bhutto have lost popularity after taking office?

[Kim] It is because they engage in politics in an arrogant manner so as to carry out a revolutionary struggle. We should not disregard realities in politics.

[Unidentified reporter] What do you think about politics and the economy?

[Kim] Now that the economic border throughout the world has disappeared, the government of each country is unable to control the economy. In other words, a national state has vanished. Local governments have come to possess more strength than central governments. Local governments carry out more trade with the world than central governments.

Police Thwart Democratic Party's Protest March

SK1005015495 Seoul THE KOREA HERALD in English 10 May 95 p 2

[FBIS Transcribed Text] Police yesterday thwarted a protest march by opposition Democratic Party lawmakers, who were angered by the ruling party's unilateral operation of the special National Assembly session last week.

About 200 party lawmakers and members, including party leader Yi Ki-taek, held a rally at Tapgol Park in central Seoul yesterday morning and attacked what they called the suppression of parliamentary democracy by the government and its party.

After the rally, they tried to march toward the presidential office with picket signs, but hundreds of riot policemen surrounded them and blocked their procession.

Despite physical clashes between the lawmakers and policemen, no injuries were reported.

DP President Yi demanded the withdrawal of policemen, but police said they would not permit the planned march because the party failed to obtain an approval 48 hours prior to the march.

With the protest march thwarted, DP lawmakers adopted a statement denouncing the government and its party for preventing the National Assembly from debating the Taegu gas blast.

In the statement, DP lawmakers demanded that President Kim Yong- sam offer an apology to the public for the Taegu gas explosion and the National Assembly form a special committee to investigate the accident.

They also called on ruling party lawmakers to participate in the current special National Assembly session, which has been adjourned because of the ruling party lawmakers' boycott of the session.

The ruling Democratic Liberal Party has refused to attend the special session, arguing that the DP opened the session to exploit the gas blast to its advantage.

The special session was opened at the request of the opposition DP Monday after the ruling party closed the previous special session alone last Thursday in the absence of opposition lawmakers.

DLP spokesman Pak Pom-chin accused the DP of resorting to what he called an old-fashioned political activity by waging an illegal rally.

250 Students Demonstrate in Downtown Seoul

SK1005105695 Seoul YONHAP in English 0935 GMT 10 May 95

[FBIS Transcribed Text] Seoul, May 10 (YONHAP) — About 250 activist students of the Federation of Korean University Student Councils (Hanchongnyon) demonstrated in the Kwanghwamun area of Seoul for about two hours Wednesday [10 May] afternoon.

They were demanding punishment of those responsible for the recent city-gas blast in Taegu and the prosecution of those who played active roles in the 1980 Kwangju incident.

The sporadic actions took place in front of the Sejong-no Government Building, U.S. Embassy and the Sejong Cultural Center.

Earlier in the day, Hanchongnyon students got together at Hanyang University in a rally, from which they moved to the Sejong-no area by subway to stage the demonstration.

Riot police dispersed the students and carried away about 50 of them for questioning.

Article Analyzes Background of ROK Generals

SK0905121095 Seoul CHUGAN CHOSON in Korean 4 May 95 pp 38-40

[By reporter Yu Yong-won]

[FBIS Translated Text] "Which area and high school are most of the ROK military general officers from?"

The answer to that popular question was once concealed by the high barrier called military security. Thus, we lift the barrier and look into the sphere of influence of the 470-plus ROK Army, Navy, and Air Force general officers (including those who are expected to be promoted to brigadier general in July).

According to data on the background of the ROK general officers based on native region, 22.8 percent are from the so-called PK (Pusan and South Kyongsang Province) area, comprising the largest clan, followed by the TK [Taegu and South Kyongsang Province] area, accounting for 17.9 percent. Thus, the Yongnam area in southeastern Korea accounts for 40.7 percent. This figure is slightly reduced from last year's 41.4 percent. Seoul is the third largest native region at 12.1 percent, South Cholla Province the fourth at 11.8 percent, South Chungchong Province the fifth at 9.7 percent, and Kyonggi Province the sixth at 8.7 percent.

However, Army general officers account for 70 percent of all general officers, making it difficult to calculate the accurate percentage of native region within each service.

In the case of the Army, 23.1 percent are from the PK area, followed by the TK area at 16.4 percent. South Cholla Province is the third largest native region at 12.7 percent, Seoul the fourth at 10.9 percent, Kyonggi Province the fifth at 9.2 percent, and South Chungchong Province the sixth at 9.2 percent.

In the Navy, 32.3 percent are from the PK area, dominant over the TK area's 20 percent. The PK and TK areas combined comprise a remarkable 52.3 percent, more than half.

In the Air Force, the native regions are evenly distributed. The TK area is on top at 24.6 percent. Seoul and South Cholla Province share second place at 16.4 percent, the PK area and South Chungchong Province share fourth place at 11.5 percent, and Kyonggi and North Cholla Provinces share fifth place at 4.9 percent.

The map of influence is somewhat different when we look into the distribution of native regions based on rank. There are nine generals, among which four—or 44 percent—are from Chungchong Province (three from South Chungchong and one from North Chungchong). They are Pyong Chang-won, deputy assistant chief of staff of the ROK Joint Chiefs of Staff (graduate of the 18th class of the Korean Military Academy [KMA], from South Chungchong Province); Chang Song, deputy commander in chief of the ROK-U.S. Combined Forces Command (graduate of the 18th class of the KMA, from North Chungchong Province); Cho Song-tae, commander of the Second ROK Army (graduate of the 20th class of the KMA, from South Chungchong Province); and An Pyong-tae, chief of staff of the ROK Navy (graduate of the 17th class of the Naval Academy, from South Chungchong Province).

Among the 20-plus lieutenant generals, 28 percent are from the PK area and 19 percent are from the TK area, the two combined accounting for a strong 47 percent.

Let us now look into the sphere of influence based on high school background. Considering there are hundreds of high schools nationwide, it is difficult for one high school to produce one general officer. However, there are eleven high schools that have produced over 10 general officers each.

Educational Background of the General Officers of the Three Services

Rank	High School	Army	Navy	Air Force	Total
1	Kyongbuk	13	8	7	28
2	Pusan	16	2	2	20
3	Taejon	15	1	3	19
4	Kwangju	12	3		15
5	Kwangju First	9	1	4	14
5	Chinju	11	2	1	14
7	Kyongbok	9	3	1	13
8	Kyongnam	9	2	1	12
9	Chonju	8	1	2	11
9	Chongju	9	1	1	11
11	Songnam	6	4		10
12	Yongsan	7	2		9
13	Kyonggi	8			8
14	Seoul	7			7
15	Masan	5	1		6
15	Chungang	6			6
15	Songdong	6			6

Following the inauguration of the new government, the power of the Kyongbuk High School alumni is said to be reduced, though it still leads with an outstanding score. The Kyongbuk alumni are evenly distributed throughout the three services as well. (Hereafter, the units of the general officers are numbered as "0" or "00" due to security concerns)

In the Army, Deputy Commander Sin of the 0 ROK Army (graduate of the 20th class of the KMA, major general); Major General Ku Tae-to (graduate of the 21st class of the KMA); Choe Ki-hong, president of the Army Intelligence School (graduate of the 22d class of the KMA, major general); Major General Chang Chong-ho (graduate of the 24th class of the KMA); Pak Song-ik, commander of the 00 Division (graduate of the 4th class of the Reserve Officers Training Corps [ROTC], major general); Chong Su-song, commander of the 00 Division (graduate of the 202d class of the Officers Candidate School, major general); Choe Tong-chin, commander of the 00 Division (graduate of the 25th class of the KMA, major general); and Brigadier General Min Song-ki (graduate of the 23d class of the KMA) are representative Kyongbuk High School alumni.

There are eight Kyongbuk High School alumni in the Navy: Vice Admiral Yim Tae-sop (graduate of the 18th class of the Naval Academy), who was recently appointed to the important post of operations commander; Kim Chong-tae, assistant chief of staff, Navy Headquarters (graduate of the 19th class of the Naval Academy, rear admiral); Yi Chi-tu, deputy assistant chief of staff, ROK Joint Chiefs of Staff (graduate of the 19th class of the Naval Academy, rear admiral); and So Yong-kil, fleet commander of the 0 Fleet (graduate of the 22d class of the Naval Academy, rear admiral).

In the Air Force, Yi Kwang-hak, president of the Air Force Academy (graduate of the 11th class of the Air Force Academy, lieutenant general); Yi Chong-ho, president of the National Defense Command and Staff College (graduate of the 13th class of the Air Force Academy, major general); and An Pyong-chol, assistant chief of staff, Air Force Headquarters (graduate of the

13th class of the Air Force Academy, major general), are from Kyongbuk High School.

Although Pusan High School ranks second with a large difference from Kyongbuk, the high school has a stronger influence in the Army. There are a total of 16 Pusan alumni in the Army, the largest number of all. By the end of 1994, most were appointed to important posts such as Army chief of staff and the commander of the Capital Defense Command.

Influential post-holders among the Pusan alumni include: Yun Yong-nam, Army chief of staff (graduate of the 19th class of the KMA, general), who recently carried out an ambitious education and training reform; Yu Chong-kap, director of the Defense Intelligence Agency (graduate of the 20th class of the KMA, lieutenant general); Han Sung-ui, commander of the Capital Defense Command (graduate of the 22d class of the KMA, lieutenant general); and Yi Ui-se, chief of the 0 Intelligence Unit (graduate of the 22d class of the KMA, major general). In addition, Cha Ki-chun, policy maker of the Army Headquarters (graduate of the 21st class of the KMA, major general); Major General Kim Kyong-il (graduate of the 22d class of the KMA); Kwon Yong-hyo, force planner of the Ministry of National Defense (graduate of the 23d class of the KMA, major general); Major General Pak Sung-pu (graduate of the 23d class of the KMA); Yi Son-min, commander of the 00 Division (graduate of the sixth class of the ROTC, major general); and Yi Min-chae, judge advocate general of the Army Headquarters, are also from Pusan High School

In the recent Navy reshuffle, the appointment of Nam Chong-myong (graduate of the 19th class of the Naval Academy) as vice chief of staff came as a surprise because it was very unusual for an engineering officer to be promoted to vice admiral. In the Air Force, Pae Yang-il, commander of the ROK Air Force Combat Air Command, is a well known Pusan High School alumni.

Taejon High School, number three on the list, has 15 alumni in the Army, second only to Pusan High School. Some notable figures are: Chang Chang-kyu, KMA commandant (graduate of the 20th class of the KMA, lieutenant general); Kwak Tong-to, commander of the 00 Corps (graduate of the 21st class of the KMA, lieutenant general); Kil Yong-chol, deputy commander of 00 Corps (graduate of the 23d class of the KMA, major general); Yi Yong-tae, inspector general of the Army Headquarters (graduate of the 4th class of the ROTC, major general); Brigadier General Pak Pom-mu (graduate of the 22d class of the KMA); Hong Tae-ui, commander of the Armed Forces Medical Command (graduate of the 51st medical officers class, major general); Brigadier General Hwang Ui-sok (graduate of the 24th class of the KMA); Brigadier General Chin Pyong-kuk (graduate of the 25th class of the KMA); and Brigadier General Yu Su-chae. In the Air Force, Kim Chu-sik, inspector general of the Air Force Headquarters (graduate of the 15th class of the Air Force Academy, major general), and Major General Chu Chang-song (graduate of the 16th class of the Air Force Academy) are Taejon alumni.

Most of the Kwangju High School alumni are in the Army: Lieutenant General Kim Chong-sin (graduate of the 156th class of the Officers Candidate School [OCS]); Major General O Chom-rok (graduate of the 22d class of the KMA); Major General Mun Il-sop (graduate of the 23d class of the KMA); Major General An Chu-sop (graduate of the 24th class of the KMA); Sin Il-sun, senior secretary to the Army chief of staff (graduate of the 26th class of the KMA, brigadier general), and Brigadier General Kim Ki-song (graduate of the 27th class of the KMA). In the Air Force, Choe Tong-hwan, director of the Strategy and Planning Bureau of the Joint Chiefs of Staff (graduate of the 11th class of the Air Force Academy, lieutenant general), and Major General Kim Hyon (graduate of the 14th class of the Air Force Academy) are from Kwangju High School.

ROK general officers from Kwangju First High School, another prestigious high school in Kwangju, include: Kim Tong-sin, director of the Operations Bureau of the Joint Chiefs of Staff (graduate of the 21st class of the KMA, lieutenant general); Kim Yong-ku, military attache in the United States (graduate of the 23d class of the KMA, major general); Brigadier General Yi Sang-son (graduate of the 25th class of the KMA); Brigadier General O Chi-un (graduate of the 25th class of the KMA); and Brigadier General Kwon An-to (graduate of the 27th class of the KMA) in the Army; Yi Su-yong, an assistant chief of staff at the Navy Headquarters (graduate of the 20th class of the Naval Academy, rear admiral) in the Navy; and Chong Pan-chong, commander of the Air Force logistic command (graduate of the 14th class of the Air Force Academy, major general); An Taek-sun, deputy commander of the Air Force Operations Command (graduate of the 14th class of the Air Force Academy, major general); and Cha Ok-hwan, commander of the 00 Air Wing (graduate of the 17th class of the Air Force Academy, brigadier commander) in the Air Force.

Chinju High School has 11 alumni in the Army alone: Yu Chae-yol, commander of 00 Corps (graduate of the 21st class of the KMA, lieutenant general); Major General Cho Song-ho (graduate of the 27th class of the KMA); Major General Kim Hyon-tae (graduate of the 173d class of the OCS); Chong Hwa-on, deputy director of a bureau at the Joint Chiefs of Staff (graduate of the 23d class of the KMA, major general); Yi Chong-kyu, commandant of the ROK Army Infantry School (graduate of the 23d class of the KMA, major general); Major General An Kyong-son (graduate of the 24th class of the KMA); Brigadier General Yi Sang-se (graduate of the 25th class of the KMA); and Brigadier General Han Kwang-mun, commander of the Service Support Command under the Ministry of National Defense (graduate of the 27th class of the KMA). In the Navy, there is Yi Kap-chin, deputy commandant of the ROK Marine Corps (graduate of the 21st class of the Naval Academy class 21, rear admiral); in the Air Force, there is Yi Hong-u, director of the Korea Fighters Program (graduate of the 12th class of the Air Force Academy, major general).

There are not many Kyongbok High School alumni, but most of them are in important posts: Kim Tong-chin, chairman of the Joint Chiefs of Staff (graduate of the 17th class of the KMA, general), who is called the real power in the military; Sin Yang-ho, director of the Intelligence System Bureau of the Ministry of National Defense (graduate of the 22d class of the KMA, major general); Major General Hong Sun-ho (graduate of the 4th class of the ROTC), who is the first-ever division commander from Seoul National University; Major General Chon X-kwan [X indicates his middle name is unknown] (graduate of the 23d class of the KMA); Kim Hui-sang, commander of the Capital Mechanized Division (graduate of the 24th class of the KMA, major general); Yi Pung-kil, commander of the 00 Division (graduate of the 24th class of the KMA, major general); Mun Tong-myong, officer in charge of national defense of the Agency for National Security Planning (graduate of the 23d class of the KMA, major general); and Brigadier General An Kwang-chan (graduate of the 25th class of the KMA).

Kyongbok alumni in the Navy are Chang Chong-kil, commander of the 0 Fleet (graduate of the 21st class of the Naval Academy, rear admiral), and Song Kun-ho, a deputy assistant chief of staff at the Navy Headquarters (graduate of the 22d class of the Naval Academy, rear admiral); in the Air Force is Choe Yong-hwan, deputy director of a bureau at the ROK Joint Chiefs of Staff (graduate of the 15th class of the Air Force Academy, major general).

Kyongnam High School, where President Kim Yong-sam graduated from, has sent quite a few alumni to important Army posts: Major General Yi Tae-u (graduate of the 157th class of the OCS); Chon Sang-pae, director of a bureau at the ROK Joint Chiefs of Staff (graduate of the 22d class of the KMA, major general); An Song-yong, an assistant chief of staff at the Army Headquarters (graduate of the 23d class of the KMA, major general); Kim Pan-kyu, commandant of the ROK Army Command and General Staff College (graduate of the 24th class of the KMA, major general); Pyong Ho-in, commander of the 00 Division (graduate of the 24th class of the KMA, major general); and Pak No-suk, commander of the 00 Division (graduate of the 24th class of the KMA, major general). Chon To-pong, commander of the First Marine Division (graduate of the 35th class of the Naval Officers Candidate School, rear admiral) in the Navy, and Kim Tong-yun, commander of the Air Defense Artillery Command (graduate of the 23d class of the KMA, major general) in the Air Force, are also from Kyongnam High School.

Chonju High School, ranking ninth, has sent Major General Kim Myong-se (graduate of the 23d class of the KMA); Yi Nam-sin, commander of 00 Corps (graduate of the 23d class of the KMA, major general); and Major General Cho Chi-yon (graduate of the 24th class of the KMA) to the Army; Rear Admiral Choe Nak- song (graduate of the 20th class of the Naval Academy) to the Navy; and Kim Myong-rip, senior secretary to the chairman of the Joint Chiefs of Staff (graduate of the 19th class of the Air Force Academy, brigadier general) to the Air Force.

Chongju High School is well known as the high school from which Defense Minister Yi Yang-ho graduated. Chongju once had three generals in addition to Minister Yi (when Yi was chairman of the Joint Chiefs of Staff): Yi Chun, former commander of the First ROK Army, and Chang Song, deputy commander in chief of the ROK-U.S. Combined Forces Command (graduate of the 18th class of the KMA, general); however, now only General Chang Song remains active. In addition to these generals, Chongju High School has the following alumni: Major General Yi Hun-kyu (graduate of the 24th class of the KMA); Chong Pyong-sop, commander of the 00 Division (graduate of the 24th class of the KMA, major general); Yi Kang-on, commander of the 00 Division (graduate of the 25th class of the KMA, major general); and Brigadier General Min Pyong-kuk (graduate of the 24th class of the KMA) in the Army; and Kim Tae-il, deputy commandant of the Operations Command (graduate of the 22d class of the Naval Academy, rear admiral) in the Navy.

Songnam High School ranks eleventh; it was founded by the late General Kim Sok-won, who was famous for his Kaiser mustache. He encouraged outstanding students to attend military academies, and the high school produced quite a number of general officers: Major General Yi Chong-wan (graduate of the 23d class of the KMA); Major General Yu Sung-u (graduate of the 23d class of the KMA); and Brigadier General Yi

Sang-hak (graduate of the 26th class of the KMA) in the Army, as well as Brigadier General Kim Chae-un (graduate of the 18th class of the Air Force Academy) in the Air Force.

Notable Yongsan High School alumni are: Kim Chong-nam, deputy commander of the 0 ROK Army (graduate of the 21st class of the KMA, lieutenant general); Yim Sam, policy maker at the Army Headquarters (graduate of the 22d class of the KMA, major general); Major General Hong Won-kil (graduate of the 22d class of the KMA); Yi Chong-ok, director of education and training at the Training Command (graduate of the 24th class of the KMA, major general); and Yi Song-pom, commander of the 101 Unit of the Defense Security Command (graduate of the 25th class of the KMA, brigadier general).

Kyonggi High School has eight alumni in the Army. Important post-holders are: To Il-kyu, commander of the Third ROK Army (graduate of the 20th class of the KMA, general); Yi Ho-sung, commander of 00 Corps (graduate of the 22d class of the KMA, lieutenant general); Pak Yong-ok, director of the Office of Policy, Ministry of National Defense (graduate of the 21st class of the KMA, major general); Brigadier General Hwang Kyu-sik (graduate of the 26th class of the KMA); and Brigadier General Yi Sang-hui (graduate of the 27th class of the KMA).

General officers from Seoul High School are: Kim X-chok, commander of 00 Corps (graduate of 21st class of the KMA, lieutenant general); Major General Han Hwang-tok (graduate of the 20th class of the KMA); Yu Hyo-il, director of mobilization, Ministry of National Defense (graduate of the 22d class of the KMA, major general); Pak Yong-il, deputy commander of the Training Command (graduate of the 23d class of the KMA, major general); Major General Ye Sang-o (graduate of the 22d class of the KMA); and Brigadier General Yu Po-son (graduate of the 24th class of the KMA). Vice Defense Minister Yi Chong-in (graduate of the 17th class of the KMA, major general on the reserve list) is also from Seoul High School.

Kim Il-kap, commander of the 00 Division (graduate of the 24th class of the KMA, major general), and Kim Yong-tok, the provost marshal general of the Army Headquarters, are from Masan High School. So Kyong-sok, commander of 00 Corps (graduate of the 3d class of the ROTC, lieutenant general); So Tae-sok, commander of the Intelligence Command (graduate of the 21st class of the KMA, major general); and Major General Yu Hoe-kuk (graduate of the 22d class of the KMA) are from Chungang High School in Seoul. Yi Kyu-hwan, commander of 00 Corps (graduate of the 21st class of the KMA, lieutenant general); Yi Sok-pok, deputy chief of staff of the ROK-U.S. Combined Force Command (graduate of the 21st class of the KMA, major general); and Yi Chong-nam, commandant of the General Administration School (graduate of the 21st class of the KMA, major general), are from Songdong High School in Seoul.

The breakdown of the general officers' background by commissioning organizations shows a dominant 72.6 percent of the general officers are from the KMA, followed by the OCS at 15.3 percent, the ROTC at 8.1 percent, and other organizations at 4 percent. The KMA percentage is down 1 percent compared to last year, but those from ROTC and other organizations still criticize that the KMA ratio is too high. However, those from the KMA refute: "Non-KMA officers are provided with political considerations and are promoted almost without competition as their rank becomes higher." A long-term policy for improving personnel and post management is required.

Army General Officers by Commissioning Organization

KMA:	72.6 percent
OCS:	15.3 percent
ROTC:	8.1 percent
Others:	4.0 percent

Small Firms Continue To Lack Workers, Money

SK1005002095 Seoul THE KOREA TIMES in English 10 May 95 p 9

[FBIS Transcribed Text] Small and medium-size firms are suffering from a lack of both workers and financial resources even as 60 percent of them posted strong growth in the first quarter of this year.

A periodical monitoring by the Ministry of Trade, Industry and Energy [MOTIE] showed that the hands needed number 35,000, with companies located a distance away from metropolitan areas having the most serious problems.

The financial difficulties, on the other hand, are mainly being caused by large companies paying for the products of such small companies with long-term promissory notes.

The survey, one in a series conducted every quarter as part of a new policy to look out for the interests of small companies, targeted two industrial complexes in

Ulsan, Kyongsangnam-to and Panwol, Kyonggi-to and eight others in other areas.

According to ministry officials, the problem posed by the shortage of workers is going from bad to worse with the highest average in the first three months tallied at 18 percent, more than twice the 8.3 percent seen last year.

They said this is the direct result of people getting out of difficult and demanding jobs at small companies and going to work for larger companies, which are experiencing robust growth.

Despite the acute shortage of work hands at small firms, large companies have only 0.1 percent of their posts unfilled, showing the flow of workers is from the former to the latter.

The officials said the disparity between small and large companies has been widening since the beginning of the decade, indicating the need to support small firms through such means as the deployment of foreign workers.

Their financial problems, meanwhile, are becoming chronic, with 70 percent of their production costs being covered by promissory notes or outright deferred payments.

The small companies have been resorting to using the long-term promissory paper to purchase materials and parts and components, creating a vicious cycle of financial difficulties.

The MOTIE survey showed that 76.2 percent of the promissory notes have maturities of more than three months and small companies are left with no choice but to discount them at high rates.

In addition, 25 percent of the small and medium-size companies complained of having difficulties in obtaining loans from banks while 32 percent said business has been not good.

The combination of financial difficulties and labor shortages has been forcing smaller companies out of business, the official admitted.

Of those which were going under, 33 percent fingered structural problems with government policies while 30 percent cannot cope with he increasing costs of materials, especially those from Japan.

Telecommunications Deregulation Said To Continue

SK1005020195 Seoul THE KOREA HERALD in English 10 May 95 pp 8, 10

[FBIS Transcribed Text] The privatization and deregulation policies will keep up in the domestic telecommunications sector, the nation's top telecom policymaker said yesterday.

Minister of Information and Communications Kyong Sang-hyon said in a speech at the Federation of Korean Industries (FKI) that the government will introduce competition into all telecom fields and encourage the participation by the private enterprises.

The government's 20-percent holding in Korea Mobile Telecom (KMT) will be sold out early next year, while Korea Telephone Directory Co., a unit of Korea Telecom (KT), will be completely privatized this year, Minister Kyong said.

At present, the Sunkyong Business Group holds about 33 percent of KMT, with the rest 47 percent being owned by individual investors.

"The Ministry of Information & Communications (MIC) will also put more of its KT shares on the auction block by year's end," Kyong said.

"Three telecom operators will be selected in the second half of this year to receive the service licenses for the PCS (personal communications system), TRS (trunked radio service) and wireless data communications, respectively," he said.

"In preparations for the WTO system, the MIC is to gradually abolish regulations on entry into almost all domestic telecom sectors," he stressed.

Kyong said the government will make efforts to create an atmosphere where telecom operators can engage in "fair" competition.

He said that the MIC will actively help private and public corporations to form strategic alliances with the world's leading telecom companies and research centers.

The government will also push to establish a "telecom graduate school" to foster specialists in the field, said Kyong.

In the long term, the MIC will consider allowing CATV network operators to participate in the telecom service sector.

"The government will devise ways to in corporate cable TV networks into an information superhighway system in the future," the minister said.

The MIC will introduce competition in the distribution of radio channels soon, while continuing to develop more frequency resources, he said.

Brunei, Malaysia & Singapore

Malaysia

Minister Assails Israeli Policy Towards Arabs

BK0805121395 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 7 May 95

[FBIS Translated Text] Foreign Minister Datuk Abdullah Ahmad Badawi says Israel's plan to seize Arab lands in East Jerusalem has clearly shown that Israel does not like peace. He said its extreme attitude and unwillingness to make peace with the Arabs and Palestinians have led to continued disorder in West Asia. He said it wants the region to remain turbulent to enable it to exploit the situation for its own interests. This attitude is unacceptable to any parties, including Malaysia. The action has also prevented the Malaysian Government from recognizing or establishing diplomatic relations with that country. Clearly, Israel has shown no sign that it wants peace in the region. He was speaking to reporters in Kepala Batas.

Commentary Previews First ASEAN-EU Meeting

BK0805131595 Kuala Lumpur Voice of Malaysia in English 0810 GMT 8 May 95

[Station commentary]

[FBIS Transcribed Text] While the agreement to have the first ever ASEAN-European Union summit is most welcome, their approach to the meeting, however, seems to be divided. The focus will be on key economic and political issues. But the way things are developing, it looks like ASEAN and the EU will not see eye-to-eye on these vital issues.

The 15-member EU is at the forefront of a campaign by developed countries to link trade to labor standards. This has all along been opposed by ASEAN countries as well as many other developing nations. ASEAN believes that the linkage is just a protectionist ploy to rob them of the competitive edge their inexpensive labor gives their exports. Developed countries feel otherwise for their claim that without such a linkage it will look like as if they are collaborating in their exploitation of labor, including prison and child labor. Such a blanket deal is unfair, for it accuses all developing countries of exploiting the labor using prisoners and condoning child labor. It is a generalization which developed countries are fond of when referring to developing countries. Just how such linkages are going to help labor standards is difficult to envisage. Calls for minimum wages are also out of the question for there is doubt as to whether it can actually overcome exploitation of labor.

Countries can only give wages based on the economic standing. How is it that developed countries are so concerned about labor standards elsewhere but blind to the massive unemployment problem in their own backyard.

Even in security issues, ASEAN and the EU have a long way to go before reaching common grounds. The EU thinks that the Spratlys is a potential flashpoint, but ASEAN feels that the conflict, though difficult, would not flare up into a conflict. Moreover, ASEAN has made allocations to discuss such flash points in the ASEAN Regional Forum which would be the only body outside the United Nations, which would bring together the superpowers under one roof to discuss security issues.

On the question of Myanmar [Burma], some developed countries want to punish the country, but ASEAN believes that constructive engagement is a better alternative. Isolation of Myanmar will only serve to further worsen the hardship of the people.

Despite these differences, the summit planned for next March in Thailand is important. It would provide a platform for regular contacts and discussions and this is good especially given the different approaches to key issues. It is important that the EU does not use the summit as yet another opportunity to hit out or lecture ASEAN on human rights and labor rights or the environment. ASEAN knows its responsibilities only too well.

Any meeting between the two groupings should therefore be on equal footing. In finding common ground, it is vital they are mutually beneficial. The narrow perceptions of the EU about ASEAN must change.

Commentary Views Trade Relations With Taiwan

BK1105095695 Kuala Lumpur Voice of Malaysia in English 0810 GMT 11 May 95

[Station commentary]

[FBIS Transcribed Text] Without doubt Taiwan's Go South policy has taken Malaysia-Taiwan trade relations to a very significant level. Today, Taiwan is Malaysia's largest foreign investor and both sides have gained much from each other. All this is set to increase even further with the recent signing of the investments guarantee agreement between the two countries. A major fact why Taiwan has emphasized on Malaysia is the latter's strong economic fundamentals.

Taiwanese investors should not just view Malaysia as an investment destination but see it as a potential gateway to the extended and lucrative ASEAN market. Among other attractions, Malaysia is strategically located in both ASEAN and the East Asian region. The ASEAN countries, with 330 million people, offer foreign investors immense opportunities to tap its economic strength. As a group, ASEAN's attraction is further enhanced. Taiwan must also keep in mind that ASEAN's potential would be further enhanced with the implementation of the ASEAN Free Trade Area, AFTA.

On Malaysia's part, the government should spare no effort to sustain industrial growth. It also has the potential will and the commitment to promote noninflationary growth. This should augur well for the would-be Taiwanese investor. Opportunities are also abound in Malaysia given its assured higher valued-added product and high technology industries. The trend now was for companies to integrate internationally for co-production arrangements and research and development.

Now, when one looks at the current economic relationship between Malaysia and Taiwan, it is evident that the record is impressive. In a world of trade and economic conditions and sheer competition, the international trade is taking a new form, namely overseas investment. Traditional domestic cooperation arrangements among enterprises are being replaced by international strategic alliances. To cope with such challenges, it is imperative both Malaysia and Taiwan cooperate even more closely to achieve mutual benefit. Taiwan's southward policy is, therefore, an excellent opportunity to share the promising future ahead. Further cooperation could be at the resource-based industries, especially petrochemicals and gas industries, telecommunications, and machinery and transport equipment. This ties in neatly with Malaysia's industrialization objectives.

The strong investment is a testimony to the country's attractiveness as a competitive base for investment. The Malaysian Government is fully aware that the 1990s and beyond are fraught with challenges. In order to remain competitive, the ability to manage well is imperative. Taiwan can be assured that Malaysia would strive to ensure a stable political and social environment conducive to economic growth stability. Both ASEAN and the newly industrialized nations, including Taiwan, have been termed economic locomotive for the world.

By further necessary bilateral economic cooperation, Malaysia and Taiwan should strive to make that locomotive go even much faster.

Singapore

Goh Visit to China To Boost Investment

BK1005113395 Singapore BUSINESS TIMES in English 10 May 95 p 1

[Report by Alvin Tay and Schutz Lee]

[FBIS Transcribed Text] Singapore — While investors all over the world cooled towards the China market last year, Singapore companies bucked the trend by committing a record US$3.78 billion (S$ [Singapore dollars] 5.25 billion) worth of investments in China.

This brings the cumulative total since 1979 to US$8.6 billion, making Singapore the fifth largest foreign investors in China — after Hong Kong, Japan, Taiwan, and the US.

A total of 4,565 projects were approved by the Chinese government between 1979 and 1994, according to the Chinese Ministry of Foreign Trade and Economic Cooperation.

The provinces of Fujian, Guangdong, and Shandong were the three top spots for Singapore investments.

The surge in Singapore investments could partly be attributed to the goodwill between the leaders of the two countries, as well as the large number of trade and investment missions to and from China in the past two years.

Prime Minister Goh Chok Tong's 11-day working visit to China starting tomorrow will further strengthen the ties and should lead to further contracts and projects.

After two heady years of a global China fever in 1992 and 1993, total investment flows towards China slowed last year. Fewer deals were signed, causing contracted investments in China to plunge 44 percent.

Singapore companies, however, increased their commitments in 1994 by a hefty 78.42 percent to US$8.6 billion. The 132 percent surge in actual investment from Singapore to US$2.1 billion was also much more rapid than the 38 percent increase flowing into China from countries all over the world.

Singapore's projects in China have been larger since 1992 as more Singapore companies took part in multimillion-dollar infrastructural deals, namely, industrial parks and power plants.

Prior to 1992, the bulk of Singapore's investments were fairly small investments in manufacturing operations and hotels.

Between 1979 and 1992, the average value per Singapore project in China was US$1.3 million. This grew to US$1.68 million in 1993 and US$2.62 million last year.

Perhaps of greatest significance is the shift in the location of projects — from the southern provinces to the east and, to a lesser extent, inland.

Until the end of 1992, most Singapore investors headed to their ancestral hometowns where relatives might still be found. Thus the provinces of Fujian, Guangdong and Hainan accounted for 40 percent of total investment from Singapore.

With the accelerated liberalisation of the Chinese economy from 1992 — after paramount leader Deng Xiaoping's visit to the south early that year — Singapore firms went after opportunities further north.

The main beneficiaries of this new interest have been provinces and cities in the east and north-east of China such as Shanghai, Beijing, Tianjin, Shandong, Jiangsu and Liaoning. Shandong, in particular, saw the amount of funds from Singapore jumping six times to more than US$1 billion between June 1993 and December 1994.

Similarly, Singapore was Shanghai's fastest growing investor last year. At the end of February, Singapore companies were involved in 378 projects totalling US$1.025 billion in Shanghai.

Singapore investors are now looking more closely at the inland cities.

Singapore Trade Development Board chairman Stephen Lee, who is leading a business delegation to four major Chinese cities, said:

"The inland cities of Chengdu, Chongqing and Wuhan offer opportunities in low-cost housing, retailing, manufacturing, logistics, hotel/leisure and tourism-related industries and infrastructure development."

Singapore is Chengdu's third largest investor with 56 projects totalling US$ 106.2 million. It is sixth in Chongqing with 59 projects worth US$256 million, and fifth in Wuhan with 56 projects totalling US$112 million.

Summing up investors' positive view about China, Singapore's 1994 Businessman of the Year Albert Hong told BUSINESS TIMES: "We are optimistic of the prospects of the Chinese economy and are confident of the returns from our investments in China."

Mr Hong is chairman and managing director of RSP Architects, which has taken a stake in an industrial park in Longkou, Shandong.

Cambodia

Radio Welcomes UN Law on Human Rights

BK1105082595 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 10 May 95

[Station commentary: "We Want Cambodia To Be Under Article 90 of the UN Law on Human Rights"]

[FBIS Translated Text] After meeting and consulting with UN Undersecretary General Marrack Goulding for more than an hour at the cabinet's office on the evening of 4 May, Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, first and second prime ministers of the Kingdom of Cambodia, said that the Royal Government of Cambodia [RGC] willingly accepted the five-point proposal of the United Nations because it was very applicable.

It should be noted that Mr. Marrack Goulding's five-point proposal deals with the opening of the UN Human Rights Office in Cambodia. In the first point, Mr. Marrack proposed that regular consultations be held unofficially every three months between the RGC and the UN Human Rights Office in Cambodia.

The second point is for an meeting to be held every year two months before the annual meeting of the UN Human Rights Office. An official meeting needs to be held between the RGC and the United Nations to enable the United Nations to understand Cambodia's difficulties.

The third point is that consultations should be held before any report is sent to Geneva.

The fourth point is that the UN Human Rights Office requested the RGC to allow the office to arrange seminars on human rights for administrative personnel.

The fifth point is that if the RGC accepts the four aforementioned points, the UN Human Rights Office will invite the RGC to Geneva to gain experience on human rights activities there for utilization in Cambodia.

Everyone still remembers clearly that it was the RGC's decision to invite the UN Human Rights Office to set up its office in Phnom Penh. This means that the RGC needs this office, but it does not want Cambodia to be under Articles 12 and 18 of the UN Law on Human Rights. It wants Cambodia to be under Article 90 of that law.

Article 12 of the UN Law on Human Rights deals with countries affected by cases of intense shooting, fighting, and barbarous massacres; and Article 18 refers to countries where massacres and shootings are continuing; however, Article 90 covers countries that are peaceful and free from human rights violations.

The RGC is willing to allow the UN Human Rights Office to continue to function in Phnom Penh. It has proposed, however, that this office should clearly describe its role, responsibility, and mission.

Observers understand that when the UN Human Rights Office was set up, it had two duties. The first was to assist Cambodia, especially the RGC, in implementing educational and technical aid as well as in providing services and consultations concerning the promotion of human rights. Second, it was also responsible for assisting the RGC in drafting and implementing a number of legal procedures so as to promote and protect human rights, and to provide training for personnel to be in charge of justice work.

This is a noble, laudable duty. However, one should understand that Cambodia is not Rwanda or Haiti; therefore, to place Cambodia in the same category as those unfortunate countries is deplorable for the Cambodian people, who have joined hands to build their country toward a bright future.

In this case, our people support the first prime minister's statement that we truly need the UN Human Rights Office and want the technical know-how given to us by the UN human rights organization.

Rebel Radio Addresses France's Chirac

BK1105092095 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 10 May 95

["Open letter" from the Cambodian people to French President-Elect Jacques Chirac on the occasion of the French elections; date not given]

[FBIS Translated Text] It has been learned that Jacques Chirac won France's recent presidential election. This election ends the reign of Francois Mitterrand's Socialist Party, a consistent ally of communist Vietnam.

On the occasion of this change in French leadership, the Cambodian people ask the new French Government to reconsider France's policy toward Cambodia. Should it continue the policies of the Socialist Party — communist Vietnam's sidekick — and continue to share in the defeat of communist Vietnam and the two-headed government, or should France adopt a new policy favorable to Cambodia's struggle for peace and national reconciliation? The Cambodian nation and people are waiting to see the policy and deeds of Mr. Chirac and his government.

Over the past dozen years, the French Government has implemented a very bad policy that has seriously hurt the Cambodian nation, people, and race and seriously damaged France's prestige. This is because:

1. France has sided with the aggressors and traitors; namely, communist Vietnam and its puppets Hun Sen, Chea Sim, and Heng Samrin.

2. France, together with UNTAC [UN Transitional Authority in Cambodia] and the Western alliance, violated and trampled on the Paris agreement of 23 October 1991.

As a matter of fact:

1. France was the brains behind the creation of the bipartite friendship between FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and the party of the communist Vietnamese puppets on 19 November 1991; that is, less than one month after the Paris agreement was signed.

2. France, together with UNTAC and the U.S.-Australian alliance, has sustained the presence of communist Vietnamese aggressor forces in Cambodia and allowed more than 4 million ethnic Vietnamese to pour into Cambodia.

3. France, together with UNTAC and the Western alliance, staged a rigged election in connivance with the communist Vietnamese administration.

4. France, together with UNTAC and the alliance, conjured up the two-headed government, nurtured it, and helped it in every way to the point of sending military personnel and advisers to assist in continuing to ignite communist Vietnam's war, fight Democratic Kampuchea and the patriotic resistance forces, and in that process kill the Cambodian nation and people to this day. Thus the French Government has committed a serious crime — a heinous crime of genocide against the Cambodian race and humanity; an immoral, undemocratic, and unjust crime in violation of human rights — and has run counter to the trend in which countries and people everywhere want democratic rights.

The French people and nation once suffered greatly — as far as their national and individual conscience was concerned — from the wounds inflicted under the heels of the Nazi aggressors during World War II. It is not difficult for them to understand the depth of the Cambodian people's suffering and their national and racial anger toward the communist Vietnamese aggressors and the Hun Sen-Chea Sim-Heng Samrin-Ranariddh traitors. These traitors are evil fascists. They have sold out, plundered, and destroyed the nation and killed the people in a more fearsome manner than the Laval-Vichy traitors.

The nation and people have already judged and convicted the Hun Sen-Ranariddh-Chea Sim traitors. They are uniting in a struggle to smash them and seal their fate. Will France's conservative government blindly follow the old furrow of the Socialist Party? Will it follow a policy of helping Cambodia find genuine peace and national reconciliation? National reconciliation and peace in Cambodia would benefit all, including the Cambodian people, the people of Southeast Asia, the entire world, France, and the French people. We ask President Jacques Chirac's government to consider this. The Cambodian nation and people are waiting to judge the policy and deeds of Mr. Chirac.

Vietnamese Immigration Rights, Border Problems

95P30093A

[FBIS Editorial Report] The 23 March Phnom Penh REAKSMEI KAMPUCHEA in Cambodian on pages 1 and 2 published comments made by Sar Kheng and Yu Hokkri, the co-ministers of Interior, regarding a number of Vietnamese stranded along the Cambodian-Vietnamese border in Chrey Thom, Kandal Province. The would-be immigrants fall into three categories set forth by the Ministry of the Interior: Category I includes 32 families holding immigration cards and other documents from the pre-1970 Sihanoukist era, who may return to their former residences in Cambodia. Category II involves more than 400 families who have former State of Cambodia K3 residence permit. Vietnamese in this category are to be "correctly checked and then may be sent back to where they used to live." Category III includes 19 families who have no documentation at all, "whose situation must be resolved in accordance with the law."

The co-ministers commented on Vietnamese and Cambodian perspectives on the Vietnamese immigration issue. Without stating his own views, Sar Kheng said that the Vietnamese Prime Minister is of the opinion that "there will be no support for those who have no papers." While calling for "efficiency" in implementing the newly passed immigration law, Yu Hokkri told border officials that "we shouldn't inflate the numbers of foreigners settling in Cambodia" and that the government ultimately relies on immigration officials along the Vietnamese border to make the law a success.

REAKSMEI KAMPUCHEA quoted Cambodian officials as saying that a canal dug by the Vietnamese in 1979 opposite Takeo Province parallel to the border remains a focus of dispute. According to General Kang Sam-oeun, commander of the Takeo Province Military Operations Zone, "we say the the canal lies on our land, but the Vietnamese say they stayed on their side of the border when they dug it and that the borderline is as much as 100 meters away." Another official commented that although some Cambodian farmers working disputed land find their water supplies cut off by the Vietnamese, "most problems are resolved peacefully."

Ke Kimyan Discusses Military Restructuring

95P30093C

[FBIS Editorial Report] The 20-21 March Phnom Penh REAKSMEI KAMPUCHEA in Cambodian on pages 1 and 2 published an article citing Chief of Staff General Ke Kimyan's remarks on downsizing and restructuring of officer ranks. The article reported that as of 17 March, only 199 generals remained out of nearly 2,000 on the rolls following the 1993 elections. There are now 20 generals, 42 lieutenant generals, and 137 major generals. Of those, 29 are assigned to National Assembly and Royal Government slots and are not in the Royal Cambodian Armed Forces [RCAF].

Ke Kimyan told reporters that "tens of thousands" of RCAF colonels have been reduced in number to 307. He noted that many of the generals and colonels had never been promoted by the Defense Ministry but had merely promoted themselves to those ranks which made some legitimate generals "ashamed to wear their rank" before the ministry's restructuring.

The chief of staff said that plans call for the current RCAF strength of 140,000 to be reduced to 90,000 by 1997 although no cuts have yet been made and cuts will take place "only when the political situation smoothes itself out."

Sar Kheng Comments on Military, Police Reform

95P30093B

[FBIS Editorial Report] The 22 March Phnom Penh REAKSMEI KAMPUCHEA in Cambodian on page 12 carried the remarks of Co-Minister of the Interior and National Security [MINS] Sar Kheng on the restructuring of police ranks. Sar Kheng said that unlike the military, the police have only about 400 generals, most of whom "have clear duties and responsibilities." He conceded that some police generals are in deputy office chief positions which means they should become colonels or lieutenant colonels. The article noted that Sar Kheng declined to say how many police generals should be kept on the rolls.

Sar Kheng remarked that some military officers have been reduced in rank by four grades in some cases, such as from general to colonel, consistent with their jobs. He noted that "some generals displayed their unhappiness over this, saying that since they had bought their ranks with dollars, they should get their dollars back upon surrendering their ranks." He added that this "erroneous attitude" did not exist in the MINS.

Government Troops Regain Ground in KR Areas

*BK1105105395 Hong Kong AFP in English
1039 GMT 11 May 95*

[FBIS Transcribed Text] PHNOM PENH, May 11 (AFP) — Cambodian troops have regained ground occupied by Khmer Rouge [KR] guerrillas in northwest Battambang province as artillery exchanges between both sides eased off, a field commander said Thursday.

"Our armed forces have already captured the area around Treng but the Khmer Rouge have laid many landmines so the government forces are advancing slowly," the commander, who asked not to be identified, told AFP by telephone from the northwestern city.

Troops, however, were clashing with the guerrillas in western Treng commune near Phnum Veng, he said.

"But the fighting and shelling is much quieter than in the past two days," he said.

Around 500 guerrillas backed by six tanks launched an offensive late April and overran the government military base at Treng some 45 kilometers (28 miles) southwest of Battambang city May 1.

The field commander, however, said frequent clashes were continuing in the Bavel district to the northwest of Battambang city.

Around 200 guerrillas, backed by two tanks were trying to capture Kdol Ta Hen village, he said, adding that if they captured the village they would use it as a springboard for further attacks.

The guerrillas were also supported by 100mm and 130mm artillery pieces, he said.

"Kdol Ta Hen is still a conflict zone, it is not in the hands of the Khmer Rouge's or the government," he said.

The government forces, however, were boosting their strength in the area and the guerrilla forces were becoming demoralised, he said.

"They are drinking rice-wine to eliminate their worries and they attack us with wine and not strength in their hearts," he said.

Fighting in the Banan district to the south of National Route 10 which runs southwest from Battambang city through Treng and on to the guerrillas' Pailin stronghold had eased off, he said.

Meanwhile, First Prime Minister Prince Norodom Ranariddh hinted that the government forces may try to attack the Khmer Rouge's Pailin stronghold in order to bring security to the area.

"With Mister Pol Pot if we let him stay in Pailin, they (Khmer Rouge) will take Battambang," the prince was quoted as saying on state-run television late Wednesday.

"We cannot allow this," he added.

Military analysts, however, said a government move against Pailin was unlikely now that the rainy season was starting.

Khmer Rouge, RCAF Order of Battle Reported

95P30097A

[FBIS Editorial Report] Several Bangkok vernacular dailies have published reports on Khmer Rouge and Royal Cambodian Armed Forces [RCAF] units, their commanders, and operations.

The 26 March Bangkok MATICHON in Thai on page 9 noted that the RCAF 12th Division, commanded by General Lay Vireak is located north of Aranyaprathet District, Sakaeo Province. The Khmer Rouge divisions 320, 450, and 719 commanded by generals Mit Nikon, Sok Pheap, and Mit Run respectively, are reported to be in "firm control" of the entire border south of Khlong Nam Sai, Aranyaprathet District.

NAEO NA, a Bangkok vernacular daily, on 26 March cited an unnamed source who reported that a Khmer Rouge unit at Boeng Promar, led by Sareth, was attacked by 3,000 of Lay Vireak's troops who were operating with the RCAF 7th Division led by Lt. General Kho Chhean. These Khmer Rouge troops were forced to withdraw and join with the Sok Pheap's 450th Division at Phnom Mak Hoeun and Phum Khla Ngoap. The source noted that the Khmer Rouge brought up supporting forces from the 519th Division at Phum Samroang. These forces, plus another 500 from Pailin, reportedly attempted to encircle the RCAF in order to retake their forward bases. Both sides were bringing in heavy and light weaponry, the source said.

According to an article by Chachawan Sophaphan in the 30 March NAEO NA, Lay Vireak's forces were assigned responsibilities for attacking the Khmer Rouge strongholds of Phnom Malai and Phnom Mak Hoeun. If Lay Vireak's forces were unsuccessful, those of Kho Chhean were to be used, Chachawan said. He went on to describe a 16 March assault by 3,000 RCAF troops and 20 tanks against the Khmer Rouge forward positions at Boeng Promar. Chachawan reported that the RCAF also used type 150 and 130 artillery pieces from their Phum Nimit base against approximately 300 Khmer Rouge troops led by Sareth who was forced to pull back to Sok Pheap's stronghold at Khla Ngoap, opposite Khlong Nam Sai, Thailand.

Chachawan stated that the Khmer Rouge sought the support of nearby units including Mit Pheap's guerrilla forces, Mit Run's troops, and parts of the 320th Division led by Mit Kon whose forces were located opposite Khlong Hat District, Thailand. Those forces collectively surrounded the RCAF troops who had taken a Khmer Rouge forward position at Boeng Promar, Chachawan reported, noting that the RCAF was unable to hold the line and had to withdraw their forces, which included more than 1,000 reinforcements from Svay Rieng and Takeo provinces, plus 12 more tanks.

Chachawan noted the fear inspired among Thai villagers along the border by Cambodian artillery fire. According to the 29 March NAEO NA, the Thai Army's Burapha Task Force Commander Major General Niphon Pharannit warned "the Cambodians" that if any shells impacted on Thai territory, a warning round of smoke would be fired to be followed by live shells. Niphon reportedly suggested that "no weapons be used within one kilometer of the border in the interests of safety for both sides." The Cambodian side "agreed to consider the matter," according to NAEO NA.

Philippines

DFA To Review DPRK Ties, Spratlys

BK1105103795 Manila BUSINESS WORLD in English 9 May 95 p 7

[Report by Paul N. Villegas]

[FBIS Transcribed Text] The Department of Foreign Affairs (DFA) will review its position on establishing diplomatic ties with North Korea following some progress on Pyongyang's effort to decommission its existing nuclear program.

Foreign Affairs Secretary Domingo Siazon, Jr. said his department is set to study its position on the North Korean question when he meets with top foreign policy makers in the DFA.

"I think there are certain things which I would still have to review with Foreign Affairs Undersecretary Rodolfo Severino. But there arye certain time frames committed to establishing ties with North Korea," Mr. Siazon, who has visited Pyongyang twice when he was still the director general of the United Nations Industrial Development Corporation (UNIDO), told reporters recently.

A top North Korean diplomat visited the country late last year and met with Mr. Severino to discuss the expansion of bilateral ties and formally establishing diplomatic relations between them.

DFA officials said the government is expected to make some contribution to the recently formed Korean Energy Development Organization (KEDO) by supplying manpower resources to several of its projects in the reclusive communist state.

Under an agreement reached between the United States and North Korea in Geneva last October, Washington promised Pyongyang $4.5 billion in new light water reactors and alternative energy supplies in return for a freeze of North Korea's nuclear program.

Meanwhile, the Philippines wants to internationalize the South China Sea dispute through a peaceful dialogue involving the six claimant countries, Secretary Siazon said.

"I think we have to use every possible means to protect our national interest ... We are talking with China and we've suggested we would like to develop the area under contention involving all the claimants. We don't want to address this issue bilaterally," the foreign affairs chief said.

However, he ruled out the possibility of elevating the issue to the United Nations because China, in its capacity as permanent member of the Security Council, could easily use its veto power to thwart any effort by the other claimants to raise the issue to the UN.

Mr. Siazon said he favors the stewardship concept which President Ramos earlier proposed. Under this concept, each disputed island in the South China Sea which is closest to any of the claimant country will have the prime responsibility to accommodate the other claimants' need for shelter, anchorage, and other peaceful pursuits.

Geographically, the Philippines is the closest claimant to the Kalayaan Islands, which include the Panganiban or Mischief Reef, about 135 nautical miles from the southwest coast of Palawan. It is 100 nautical miles closer to Palawan than Pag-asa, the main island of the Kalayaan municipality.

Manila and Beijing recently figured in a diplomatic squabble when Chinese military structures and naval vessels were spotted by a Philippine reconnaissance team on the Panganiban Reef.

The disputed Spratly Islands, which are believed to sit atop large reserves of oil and gas, are being claimed wholly by China and in part by the Philippines, Brunei, Malaysia, Taiwan, and Vietnam.

Mr. Siazon said the recent incidents in the Kalayaan Islands, along with the spate of terroristic activities, underscore the importance of strengthening the country's national security, "a sine qua non for sovereignty, independence, and international integrity."

"We will play an active role in regional and global consultations and dialogue for the maintenance of peace and stability. Bilateral as well as multilateral vehicles, such as the UN and ASEAN, will be put to maximum use. The efficacy of the 1992 Manila Declaration on the South China Sea must be proven," Mr. Siazon said.

The new foreign affairs chief is expected to make the traditional round of visiting the five other ASEAN countries next month to meet his counterparts.

"I have to time that depending on how soon we can settle our critical problem (protection of Filipinos abroad) here. But that has to be done before July when the ASEAN foreign ministers meet in Brunei," Mr. Siazon said.

Talks With PRC To Include 'Code of Conduct'

BK1105051295 Quezon City Radio Filipinas in English 0230 GMT 11 May 95

[FBIS Transcribed Text] China and the Philippines have agreed to discuss later this year a bilateral 'code of conduct' in the Spratly Islands in the South China Sea, where Beijing has occupied a reef claimed by Manila.

The two sides made the agreement following bilateral talks in Beijing in March which failed to resolve their dispute over the Chinese occupation earlier this year of Mischief Reef. This was announced by Luis Cruz, a China specialist of the Department of Foreign Affairs.

He said the two sides have yet to agree on the date and venue for the talks, but that it was Manila's understanding that it would be held later this year.

Filipino negotiators told their Chinese counterparts that the code of conduct need not be necessarily limited between China and the Philippines but should also include other Spratly claimants Brunei, Malaysia, Taiwan and Vietnam. However, the Chinese did not say anything on the proposal, Cruz said.

Manila accused Beijing in February of building a naval support station on Mischief Reef, and has increased patrols in the area.

The Philippine Navy has since destroyed territorial markers set up by China in seven surrounding reefs and shoals and arrested 62 Chinese fishermen, who are scheduled to be arraigned in court by month's end on charges of poaching, possession of explosives and environmental destruction.

Ramos Bares Post-Election Legislative Agenda

BK1105085795 Quezon City Radio Filipinas in English 0230 GMT 11 May 95

[Weekly press conference by President Fidel V. Ramos with domestic correspondents in Malacanang in Manila on 10 May; broadcast in progress — recorded]

[FBIS Transcribed Excerpt] [Unidentified correspondent] Good afternoon, sir.

[Ramos] Good afternoon.

[Unidentified correspondent] With the expanded on mandate of your administration of your government, what are the agenda for the forthcoming Congress particularly with regards to the OCWs [overseas contract workers] and water crisis.

[Ramos] Okay, under this fresh and expanded mandate, I shall give priority to the following: first of all, jobs, employment, livelihood, as well in the months previously — but now which has been affected by the overseas workers issues, for this purpose, I am calling congress for a special session starting on the 21st of May up to the 28th, to attend to the agreed labor issues between the Senate president and the House speaker. And this would have been about a month ago, but I am making the formal proclamation to call congress to special session, today I am issuing that proclamation today.

Now, the major items to be taken up in this special session which is exclusively for labor are, well, the Magna Carta for Philippine nationals abroad, there are two versions of which, one on the part of the Senate and another on the part of the House. Also our ratification of the UN Convention on the Protection of Migrant Workers. Third, the matter of using continuation and arbitration law of the settlement of labor disputes. There are House and Senate bills that are ready for consideration by the special session. And the next is my submission to the Commission on Appointments, which hopefully will have a quorum when they call the special session, they should have, of the confirmation of my nomination, previously made, of two gentlemen to represent our overseas contract workers — Alegarda and Fajardo.

Of course you may recall that they have also agreed on special session for a few days starting on the 29th of May, before the OCW issues came up in late March. And this has to deal with water crisis, as I have already proposed, Philippine Commission already passed on third reading by both chambers and about ready to go to the bicameral conference committee; as well as other issues pertaining to social reform. Of the 36 bills that were passed by Congress during the period from 1st December to end-February 1995, some 36 major bills were passed and many of them are on social reforms, including five bills on education, but we still need some to make the social reform legislative agenda complete.

We also would meet on the [word indistinct] of peace in this post-election period; and for this purpose I am calling a summit of the so-called Mindanao Council of Elders, as recommended to me in Zamboanga, by the (?Ledi) Imams on the part of the Muslims led by Abduldani Moshef and the president of the Catholic Bishops Conference, Archbishop Cirilo Morelos, both based in Zamboanga.

Commission Postpones Official Vote Count

BK1105111295 Quezon City ABC-DWET Television in Tagalog 1000 GMT 11 May 95

[FBIS Translated Text] The Commission on Elections [Comelec] could not start its official count of the votes three days after the congressional and local elections. Reportedly, no certificate of canvas — the basis for the counting — has arrived. Here is the full report from Joseph Andres:

[Begin recording] [Comelec Chairman Bernardo Pardo, identified by caption, in English] In view of the report of the chairman of the special committee, no certificate of canvas has been received as of this hour. The commission declares a recess until 1400 tomorrow. [Pardo bangs gavel three times]

[Andres] The scheduled start of the vote counting by the Commission on Elections for last Monday's polls did not happen. According to a report by Commissioner Graduacion Reyes Claravall, chairman of the Comelec Receiving and Safekeeping Committee, not a single certificate of canvas has arrived in their office. Claravall said this should not be a cause for concern, however, because this usually happens in our system:

[Claravall, in English] The statistics that we have gotten is that the board, National Board of Canvassers, convenes three days after the elections. But the start of the canvassing then in 1992 elections was only after a week.

[Andres] On the whole, they are awaiting 98 certificates of canvas at their canvassing center at the Philippine International Convention Center. It is hoped that the certificates of canvas will start arriving tomorrow. [end recording]

Thailand

'Reason' Urged in U.S.-Japan Trade Dispute

BK1105042495 Bangkok BUSINESS DAY in English 11 May 95 p 4

[Editorial: "Time for Reason to Prevail Between U.S. and Japan"]

[FBIS Transcribed Text] The US and Japan should seek a common ground and resolve their current trade dispute on a mutually beneficial basis. The more confrontational the attitudes on both sides become, the harder it will be for long-term solutions to prevail.

Negotiations on opening up the Japanese automobile market have made little progress in 20 months. In the past year and particularly over the past four months, the US put additional pressure by allowing the dollar to devalue in the hope that a substantial devaluation of the dollar would pry the Japanese car markets open.

US President Bill Clinton was to hold a press conference last night to announce steps which the US will take to put further pressure on Japan. Speculation was that sanctions would be part of the US president's course of action.

Just this year, the US initiated sanctions against China on the issue of copyright piracy, and at least in form and in appearance China was forced to come to an agreement before the sanctions actually took effect. How substantive the results will be for the US remains in doubt, for in matters of intellectual property, good intentions, new laws, and international agreements mean little unless legal enforcement is comprehensive and effective.

Japan and China are at diametrically opposite stages of economic development, so US economic sanctions against Japan cannot be expected to be resolved as promptly in favor of the US as was the case with China.

The trade statistics tell a convincing story. In 1994, Japanese manufacturers sold 200,000 vehicles in the US, representing over 12 percent of Japanese auto exports. The US trade deficit with Japan hit $66 billion last year, of this amount $39 billion (60 percent) was due to the automobile industry.

There is plenty of room for compromise considering the fact that Japan has the face-saving option of agreeing to open up some of the markets while still maintaining a huge trade surplus.

On its side, the US could offer to abandon its insistence on setting numerical targets for imports to Japan. The trade figures will speak for themselves with or without numerical targets, and so the US stands to lose little in substance by making a concession on this point. This will provide Japan with a graceful exit.

The long-term solution is, of course, free trade. The skirmishes along the road to free trade can become all-out battles now and then, and when the world's two most powerful economies bang heads, it's time to call for reason to prevail. There are a few optimists who say the current confrontation between the US and Japan will result in a more stable dollar no matter which side wins. Maybe so, but there are many other potential negative repercussions. The most serious of all would be to set the free trade agenda much further back. And so there is a lot more at stake than US trade deficits. Japan and the US must find a common ground not only because it is in their best interest to do so, but also because they have the responsibility to lead the world into a new era of economic growth and prosperity based on free trade.

Burmese Embassy Issues Statement on Border

BK1105093095 Bangkok NAEO NA in Thai 11 May 95 p 10

[FBIS Translated Text] The Burmese Embassy in Thailand on 10 May issued a statement on the Thai-Burmese border situation.

The statement says that on 1 May shots were fired at Manerplaw township in Burma from Hwedain Village in Thailand. At about 1010 on 4 May, a Thai military helicopter fired four rockets at the Thumwehta Temple. Later, at about 1100 on the same day, two military helicopters fired three more rockets at the same temple. As a result of these incidents, 15 people were injured and six villagers' houses were destroyed. With regard to these events, the real cause of the problem is the differences among villages of the Karen National Union, or KNU, which have existed inside Thai territory for many years.

The statement says the Burmese Government has no time to deal with such problems and has never supported any organization's action against a neighboring country. This is because Burma upholds the five principles of coexistence: Mutual respect for sovereignty and territory, no aggression against neighboring countries, no interference in the internal affairs of another country, maintaining the principle of equality, and upholding the principle of peaceful coexistence.

Therefore, the problems that have arisen along the Thai-Burmese border are caused by Thailand providing shelter for those who would act against the Burmese Government. Moreover, environmental conditions are also conducive to such conflicts. Burma wants to forget past historical events while at the same time respecting and upholding the so-called expansion of friendship and reduction of animosity. If Thailand maintains the same practices, no further conflicts will occur. Both the Burmese and Thai militaries have rendered friendly cooperation to each other on the basis of mutual respect and understanding.

Chuan Discusses Burmese Border Policy

BK1105083095 Bangkok Radio Thailand Network in Thai 0530 GMT 11 May 95

[FBIS Translated Text] Prime Minister Chuan Likphai has asserted that the problems along the Burmese border originated from disputes between minority groups in Burma. He urged that newsmen not be confused by what is the basic issue. Thailand is ready to help Burma as possible to create peace in that country.

Speaking with newsmen this morning at Government House, the prime minister says:

[Begin recording] [Chuan] The problem, whether it involves Khun Sa or General Bo Mya, is Burma's internal concern. The problem concerns two minority groups which the Burmese Government has been trying to solve. In fact, the Thai Government supports dialogue with the minority groups. This is because although it is Burma's problem, we want to help when we can to bring peace. Absence of peace in Burma will affect Thailand, whose border with Burma is the longest. Therefore, our efforts to help bring peace in Burma have been continual. In any event, we sympathize that Burma has not been able to solve the problem involving the two minority groups — the Karens and Khun Sa. It is Burma's internal problem and we should not confuse the basic issue.

[Unidentified reporter] What is the government's view of the Burmese Government's statement accusing Thailand and the Thai people's perspective that the Thai Government's policy has been excessively favoring Rangoon?

[Chuan] Policywise, it cannot change from day to day. This is why I am saying that minor issues should not be overplayed to undermine the main policy. This is important.

As I said, the problem that exists now is the dispute between the Karen Buddhists and Christians. They fought and fled to our territory. This is their internal problem. The Khun Sa problem is also not our problem, it is Burma's problem. It is another minority group whose problem Burma has not been able to solve. We have tried to help, even offering to act as intermediary to facilitate their dialogues. Burma, however, has rejected the offer, saying it is its internal affair. Therefore, all of this is Burma's internal problem.

Regarding the statement, a country can make any statement it wants. The Thai Foreign Ministry will take care of this matter. I want to emphasize that we must not confuse the issue. [end recording]

Editorial Critical of 'Weak' Border Diplomacy

BK1005124495 Bangkok THAI RAT in Thai 10 May 95 p 3

[Editorial: "Weak Diplomacy"]

[FBIS Translated Text] The Thai people fully support the government's decision to take military action against the armed Karen groups which have blatantly encroached on Thailand's sovereignty, including setting refugee camps on fire and even killing three Thai policemen at an outpost near the border with Burma in the past two weeks. Although we have every right to retaliate against the intruders, our reaction in this regard risks a negative response from the international community because of our rather weak diplomacy.

It is necessary to use force against the Karens, who might be supported by the Burmese Government, to teach them a lesson. The Thai military can even cross the border to pursue the Karens because the Burmese Government has declared that it has stopped backing the Buddhist Karens and has refused to take any responsibility by saying that it has no control over the area.

For Thailand, to justify the necessity of such an action, it is deemed appropriate for the Ministry of Foreign Affairs to employ more sophisticated diplomacy. At least, Thailand's permanent representative at the United Nations should explain to all UN members the reasons for Thailand's use of force to defend its national sovereignty since Burma has shrugged off international commitments.

In addition, the UN Security Council should be asked to distribute a white paper depicting the incidents of encroachment by the Buddhist Karens on Thailand's sovereignty chronologically and the indifference of the Burmese Government to the protests lodged by Thailand. The paper must justify Thailand's military action to defend lives and property of Thais. So far, the government has not taken any diplomatic action at the United Nations. In comparison, the decision of the government of former Prime Minister Anan Panyarachun to have the navy encircle the ship of foreign divers searching for artifacts in the Gulf of Thailand reflected much superior diplomatic skill than that of the present government.

We want to tell this government that it should pay more attention to public relations so as to secure a good image for the country in the eyes of the international community. In this connection, the government should have instructed the Ministry of Foreign Affairs to keep the international community well informed of the developments since it might be necessary for Thai troops to cross the border into Burma to pursue Karen intruders. This is a weakness we must correct. Thailand could be plunged into a disadvantageous position if the Burmese Government is good at conducting propaganda campaigns.

The border intrusion by the Karens has raised the question of whether or not we should set up Thai settlements along the western border. At present, various minority groups from neighboring countries are quietly occupying our territory.

Vietnam

Bank 'Source' Comments on Japanese Loans, Yen

BK1005135095 Hanoi VIETNAM INVESTMENT REVIEW in English 24-30 Apr 95 p 4

[Report by Quoc Vinh]

[FBIS Transcribed Text] Despite warnings of upcoming financial difficulties over Vietnam's debt in Japanese yen, the countries are discussing another loan package of over 10 billion yen ($122 million), a senior official from the Department of Foreign Exchange under the State Bank (SBV) said.

The new package follows Japan's pledge to provide Vietnam with a 58 billion yen (around $707 million) loan to finance eight infrastructure projects, an agreement confirmed last week by Party Secretary Do Muoi during a visit in Tokyo with Japanese Prime Minister Tomiichi Murayama.

The source from SBV, who asked not to be named, told VIETNAM INVESTMENT REVIEW that the Japanese Government had in principle agreed with the additional 10 billion yen loan but the two sides remain stuck on interest rates and loan terms.

"It's a very complicated issue," said the source, noting that the yen's value is increasing rapidly and believes it may reach 50 yen per US dollar. Last week the exchange rate hit a post-war low of 81.5 in New York.

Vietnam has thus joined China, Indonesia, Thailand and other nations in asking Japan to ease terms of repayment of their debts in view of the soaring yen.

US Treasury Secretary Robert Rubin pledged last week during his talks with Japanese Finance Minister

Masayoshi Takemura that the United States would work together with Japan in currency markets where possible to solve the yen problem, but refused a suggestion from Japan to issue yen-denominated bonds to signal its confidence in a recovery of the dollar.

Observers were waiting for solutions from the two nations to drag the value of the dollar back up and also to rescue Japan from what they called the "catastrophe of the Japanese economy".

"We do not have any detailed solution for the yen's rise in value yet", VIETNAM INVESTMENT REVIEW's source from the State Bank said, referring to the upcoming loan from Japan. He insisted that the currency to be used for commodity imports would be a problem, as Vietnam currently must purchase goods in US dollars, regardless of the original source of the money, dollar or yen.

The goal, according to the source, is an agreement allowing Vietnam to purchase goods in the newly empowered yen, from the yen loan. The reality is that Vietnam will not immediately suffer too much if the yen continues to increase, as the ratio of yen debt is low — around four per cent of the total debt of the country though total Japanese debt (in dollars, German marks and yen) makes up the majority share of the country's total national debt.

Agreements have been reached to settle most Government debt through the Paris Club which met in December 1993. The agreement reduces Vietnam's Government debt to 60 per cent its previous level, an achievement described by Vietnamese bankers as beneficial for the country's ability to refresh its financial ties with the world community.

By the end of last year, Japan, which through its Bank of Tokyo chairs the consultancy board on Vietnam's debt, agreed to handle the country's commercial debt, totaling US$778 million, of which $413 million is overdue debt through the London Club.

Currently, Vietnam has debts of US$4.2 billion in hard currency, excluding its debt on transferable roubles, the currency used in the former Soviet bloc. The exchange rate for the rouble remains unresolved.

At the Paris Club, Germany agreed to apply a more favorable rate of six roubles per dollar for the debt that Vietnam owes the former East Germany.

Local debt analysts comment that the severity of the debt problem has grown because the United State suffered from its old lending and borrowing mechanism under the pre-free-market, subsidized economy. The old system called for the government to guarantee all commercial debt. Additionally, in war time, the money Vietnam borrowed from the eastern bloc was usually shared-out to its enterprises without proper repayment plans and technical feasibility studies. The consequence was that these companies were unable to refund the loans and the debt was transferred back to the state budget.

City Industries Slated for Reorganization

BK1005141395 Hanoi VIETNAM INVESTMENT REVIEW in English 24-30 Apr 95 p 8

[Report by Xuan Lieu and Huu Hanh]

[FBIS Transcribed Text] A number of major industries are to be reorganized as part of the Ho Chi Minh City Industrial Department's development plan to the year 2000, with one key state-owned enterprise set up for each new grouping.

The mechanical industry will be reorganized into four groups: agricultural machine manufacture, small machine manufacture, machine spare parts, and component manufacture.

Investment capital for this sector will be mobilized from local funds, the state budget, soft credits and foreign investment.

In the electronics industry, one informatics center will be established to support all sectors. For consumer electronics, the city will only invest in producing components and spare parts. Up to US$25 million will be mobilized to import new technology to upgrade the industry. The plastics industry aims to mobilize US$180 million to upgrade its production capacity in step with rising domestic demand — projected to rise ten-fold to 15 kilograms per person per year by the turn of the century.

State-owned plastic enterprises will be reorganized and merged into four key groups for producing industrial and "hightech" plastic products.

The detergent industry in Ho Chi Minh City will be working to a 210,000-tonne annual capacity by 2000 — 60 per cent of the country's entire output. Six state enterprises in this sector and the Daso Detergent Company will be merged into three big enterprises specializing in producing high-quality detergent.

The garment industry will feature four new specialized textile factories, including one for spinning thread, one to produce synthetic fibers, a cotton yarn and fabric factory and one to make cotton towels.

Investment of US$150 million will be needed for the paper industry to achieve its 300,000-tonne per year target by 2000. Cash may come from bond and share issues.

The approximately 2,000 industrial enterprises in Ho Chi Minh City account for 40 per cent of gross domestic product of the city. Most investment, however, is small-scale, with only eight per cent of industrial enterprises with an investment capital of VND [Vietnamese dong] 10 billion or above. Very few firms are capitalized at US$2 million or more. And more than half are working with obsolete equipment.

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